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ABSTRACT

This handbook is intended primarily to help postsecondary institutions administer the major federal student financial aid programs: Basic Educational Opportunity Grants (BEOG), Supplemental Educational Opportunity Grants (SEOG), College Work-Study (CWS), National Direct Student Loans (NDSL), Guaranteed Student Loans (GSL), Health Education Assistance Loans, and State Student Incentive Grants (SSIG). It may also be used as a reference document by other persons and organizations working to expand postsecondary opportunities for students. It should be used as an adjunct to the requirements provided in the authorizing statutes and the applicable program regulations. (A list of all current program regulations is appended.) General provisions of the programs are described and common elements of campus-based programs are discussed. Also included are: Determination of Eligibility Index, 1978-79 and 1979-80 (reserved); Validation, 1978-79 and 1979-80 (reserved); administrative standards (reserved); institutional eligibility (reserved); terms of agreement; a student affidavit; a progress report; Student Validation Roster; explanation of figures on payment schedule; a list of regional administrators for student financial assistance; a directory of SSIG officials; sources of information on GSL; a Self-Evaluation Worksheet Checklist; Necessary Documents (reserved); special terms and conditions for SSIG; a sample SSIG roster; and FISL Application (OE Form 1154). (LBH)

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STUDENT FINANCIAL AID 1978-79 Handbook

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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Office of Education • Bureau of Student Financial Assistance

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STUDENT FINANCIAL AID 1978-79 Handbook

Basic Educational Opportunity Grants
Supplemental Educational Opportunity Grants
National Direct Student Loans
College Work-Study
Guaranteed Student Loans
Health Education Assistance Loans
State Student Incentive Grants

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education
Bureau of Student Financial Assistance

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Chapter 1

Introduction

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Introduction

I. Purpose of the Handbook

This handbook is intended primarily to help postsecondary institutions administer the six Federal student financial aid programs: Basic Educational Opportunity Grants (BEOG), Supplemental Educational Opportunity Grants (SEOG), College Work-Study (CWS), National Direct Student Loans (NDSL), Guaranteed Student Loans (GSL), and State Student Incentive Grants (SSIG). It may also be used as a reference document by other persons and organizations working to expand postsecondary educational opportunities for students.

The handbook should be used as an adjunct to the requirements provided in the authorizing statutes and the applicable program regulations. (A list of all current program regulations appears in Appendix A). The statutes and the regulations are the definitive and authoritative statement of an institution's responsibilities in administering these programs. Any regulations which become effective after the publication date will supersede the handbook when there is a conflicting statement. The handbook is intended to illustrate and explain the regulatory requirements in order to help the institutional aid administrators implement them. We hope that you will find it a useful reference that will improve your administration of the programs.

II. Scope of Programs

The Office of Education administers the six major student financial aid programs which are authorized under Title IV of the Higher Education Act of 1965 and its amendments: the Basic Educational Opportunity Grant (BEOG), Supplemental Educational Opportunity Grant (SEOG), College Work-Study (CWS), National Direct Student Loan (NDSL), State Student Incentive Grant (SSIG), and Guaranteed Student Loan (GSL) programs. During the 1978-79 award period these programs will assist an estimated 3 million students at more than 9,000 participating institutions of postsecondary education. The total compensation to students, including State or institutional matching shares and NDSL collections, will be about $4.2 billion. A chart of the estimated program activity in 1978-79 follows:

Program	*Estimated Number of Recipients*	*Estimated Total Compensation*
Basic Educational Opportunity Grant	2,398,000	$2,140,000,000
State Student Incentive Grant	255,000	$63,750,000
Supplemental Educational Opportunity Grant	464,000	$270,000,000
College Work-Study	796,000	$435,000,000
National Direct Student Loan	853,000	$310,500,000*
Guaranteed Student Loan	984,000	$1,648,000,000

*Federal Capital Contribution

III. BSFA Organization

In his March 8, 1977 announcement of HEW's reorganization, Secretary Joseph Califano established the new Bureau of Student Financial Assistance (BSFA). This reorganization established two new bureaus: The Bureau of Student Financial Assistance (BSFA) and the Bureau of Higher and Continuing Education (BHCE). The Bureau of Postsecondary Education was abolished.

Under the reorganization, the three campus-based programs (Supplemental Education Opportunity Grant [SEOG], National Direct Student Loan [NDSL], and the College Work-Study [CWS]), the Basic Educational Opportunity Grant [BEOG] program, and the State Student Incentive Grant [SSIG] program were transferred from the old Bureau of Postsecondary Education to BSFA.

The Guaranteed Student Loan Program (GSL), formerly under the Office of Management, was also made a part of the new Bureau.

A new program of insured loans for students in the medical professions, Health Education Assistance Loans (HEAL), has been added to BSFA. This program was established under the Health Professions Education Assistance Act of 1976.

Under the new organizational structure, there are seven divisions organized by function rather than by program, although the Division of Policy and Program Development and the Division of Program Operations

have branches relating to specific programs administered by the Bureau. In addition to the seven divisions, there are three executive assistants, an Office of Regional Liaison, the Executive Staff, and the ten regional offices. The seven divisions and their functions are listed below:

Division of Policy and Program Development is responsible for planning short- and long-term issues, coordinating and planning legislative initiatives, and directing the development of funding requirements. This division directs the development of program policy.

Division of Certification and Program Review develops and disseminates standards for institutional certification and operating procedures for internal program reviews. This division resolves audit exceptions and initiates the use of limit, suspend, and terminate actions. It also develops procedures and monitors activity related to the validation of student-reported data and provides direction to the regional offices on certification and program review activities.

Division of Program Operations processes institutional fund requests, issues award documents and authorizations to institutions, reconciles fund expenditures and, under the GSL, pays interest billings and insurance premiums, pays death and disability claims and teacher cancellations, and provides regional office direction on program operation activities.

Division of Quality Assurance prepares reports for management and planning purposes. This division determines the impact of Bureau programs by analyzing statistical trends and program characteristics and, based on these analyses, recommends appropriate changes in policy or operating procedures. It also determines the types of studies, tests, and other measurements to assess the effectiveness of BSFA programs.

Division of Systems Design and Development designs and develops automated systems for BSFA programs and directs systems implementation and monitors systems contracts.

Division of Training and Dissemination determines and provides training for institutional financial aid staffs and Federal regional and central office staffs. This division also develops and disseminates program materials such as brochures and program manuals, and provides direction to the regional office staff on training and dissemination efforts.

Division of Compliance develops standards and procedures for and conducts compliance and investigative reviews with field staff. It is the Bureau's link with HEW's Inspector General and the Department of Justice. It also provides direction to the regional offices on compliance and investigative matters.

The Bureau's regional offices are responsible for all field activities within the respective region including institution program reviews, certification and compliance, examination of loan claims and collections, review of institutional funding requests, operation of regional data systems, and dissemination of information to institutions, students, and the general public. The Regional Administrator reports directly to the Deputy Commissioner for BSFA.

Chapter 2

General Provisions

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General Provisions

The eligibility requirements for the five U.S. Office of Education programs (BEOG, SEOG, NDSL, CWS, and GSL) are essentially the same: A student must be a U.S. Citizen or permanent resident, enrolled at least halftime in an eligible program at an eligible institution. Requirements unique to each program will be found in the appropriate chapter.

I. Citizenship

Since these programs are considered domestic assistance programs, they are available only to citizens, nationals or permanent residents of the United States, citizens of the Northern Mariana Islands, permanent residents of the Trust Territory of the Pacific Islands, or those who are in this country for other than a temporary purpose. Students who are in this country on F1 or F2 student visas are, by definition, in this country for a temporary purpose, and therefore are not eligible. The definitions of other "than a temporary purpose" are given below.

Non-citizens with permanent resident status in the U.S. will hold either form I-151 or form I-551, which are "Alien Registration Receipt Cards." These students are eligible.

According to the Immigration and Naturalization Service, (INS) an alien who wishes to apply for permanent resident status must meet one of four requirements:

1) He or she must be married to a citizen.
2) He or she must be married to a lawful permanent resident.
3) He or she must be a close relative of a citizen or permanent resident.
4) He or she must have a definite job offer.

Approximately three months after a non-immigrant applies for permanent resident status, an approval notice is sent from the Immigration and Naturalization Service stating whether or not he or she has been found to meet one of the four requirements. Non-immigrants are considered to be in the U.S. for more than a temporary purpose and intending to become a permanent resident *only* if they can furnish an approval notice stating that they meet one of the above four conditions.

Either the I-171 or the I-464A is an appropriate approval notice to apply for permanent residence. Because of new INS procedures, the I-171 or I-464A may not be provided. In these cases, the applicant should have INS endorse his or her I-94 (Arrival-Departure Form), indicating "employment authorized" and "adjustment applicant." This endorsement fulfills the same requirement as an approval notice.

Refugees or immigrants who are admitted to the United States for humanitarian reasons are eligible for Federal student financial aid. In these cases, the applicant's I-94 must be endorsed "Conditional Entrant Status" or "Indefinite Parole." Southeast Asian refugees who were admitted to the United States since 1975 are eligible. In addition, applicants who have been granted asylum and have been given voluntary departure for a period of one year are eligible.

II. Half-Time Status

For students at schools with standard academic terms, the minimum Federal requirement for half-time status is 6 credit hours per semester or quarter.

For students at schools which measure progress in terms of clock hours, the minimum Federal requirement is 12 clock hours per week.

It should be noted, however, that according to regulations, the half-time determination is based primarily upon the number of hours the school requires, as long as the Federal minimum is met.

Thus, if a school requires at least 18 clock hours per week for half-time status, a student attending only 12 hours per week would not be considered half-time at that school.

It should also be noted that correspondence students can only be considered as half-time, and to qualify as half-time their course work must require a minimum of 12 hours per week.

III. Eligible Institutions

The general requirements for institutional eligibility are the same for all Office of Education financial aid programs. The institution must be legally authorized within a State or jurisdiction to provide a program beyond secondary school. For purposes of participa-

tion in the Basic Grant, campus based, and Guaranteed Student Loan programs, the eligible jurisdictions are the 50 States, the District of Columbia, Guam, Puerto Rico, the U.S. Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands and the Northern Mariana Islands (as used in this handbook, the term "State" includes all jurisdictions unless otherwise indicated). Foreign schools that are comparable to U.S. schools can be eligible only for GSL, and only with respect to U.S. Nationals.

A. *Public and non-profit private schools* must either be accredited by a recognized accrediting organization, determined by the Commissioner as attempting to meet accreditation standards, or be able to provide letters from three accredited institutions stating they will accept credits from the applicant school.

B. *Proprietary schools* must be accredited by a nationally recognized accrediting agency, and must have been in existence for at least two years.

In addition to these general and specific requirements, there are several other conditions which must be met before a student can receive funds from any Federal student financial aid program. All students who received Federal financial aid must have on file an affidavit of educational purpose, must be making satisfactory progress in an eligible course of study, and must not be in default on an NDSL or GSL or owe a refund on Title IV grants at the institution which they attend. Each of these requirements is described below.

IV. Student Affidavit

Every student who receives funds through one or more of the five Federal student aid programs must file an affidavit stating that all funds received through these programs will be used solely for educational or educationally related purposes. The affidavit also affirms that the student does not owe a repayment on a Basic Grant, a Supplemental Grant, or a State Student Incentive Grant received at the school he/she is attending, and that he/she is not in default on a National Direct Student Loan or a Guaranteed Student Loan received for study at the school he/she is attending.

Finally, the affidavit states that the student is aware that to continue receiving assistance he/she must maintain satisfactory progress. Complete information on filing the official student affidavit is contained on the form itself, a facsimile of which can be found in Appendix B-II of this handbook.

V. Satisfactory Progress

Section 132 of the Education Amendments of 1976 states that a student shall be entitled to receive Federal student assistance *only if* "that student is maintaining satisfactory progress in the course of study he is pursuing, according to the standards and practices of the institution...".

Because each school has its own philosophy regarding evaluation and continuation of students, the Office of Education does not dictate precise standards for "satisfactory progress." However, the statute requires that the institution have some standards. An institution lacking any standards would be precluded from making any payments to students under Title IV programs since it would have no means of measurement for making the determination required by the statute.

Each institution must therefore establish standards for academic progress. Standards and practices regarding satisfactory academic progress must be in writing and must be applied consistently to all Federal financial aid recipients. These aid recipients must be made aware of the policy.

VI. Student Defaults and Student-Owed Refunds

Payment of Title IV funds (BEOG, SEOG, NDSL, CWS, GSL, SSIG) may not be made to a student who has defaulted on a GSL or NDSL at his or her school, unless he/she has made satisfactory repayment arrangements. If the student has defaulted on a GSL or NDSL at a different school, he/she would remain eligible at the current school.

If a student has received a Basic Grant overaward, he or she would not be eligible to receive further Title IV funds until the overaward is repaid in full unless the overaward can be eliminated by adjusting subsequent Basic Grant payments within the award period. If an overaward was due to institutional error, the student may continue to receive payments if he/she agrees in writing to repay the overaward.

If an SEOG overaward is made, the student can receive further payments if the overaward can be eliminated by adjusting subsequent financial aid payments (other than Basic Grants) within the award period.

VII. Student Information Requirements

The law now authorizes an administrative cost allowance for all of the five Federal financial aid programs. However, funds for this allowance for participation in the BEOG and GSL programs will not be available unless they are appropriated by Congress.

Provisions of the Education Amendments of 1976 require that each postsecondary institution which receives an administrative cost allowance because of participation in any of the five Federal financial aid programs must make the following student aid information available to any enrolled or prospective student who requests such information:

1) what student financial aid programs are available through the institution;
2) how student aid is distributed among students at that institution;
3) how to apply for the student assistance programs and what standards are used to determine eligibility;
4) the criteria used at the institution to determine whether a student is maintaining satisfactory academic progress and the procedures by which a student who has failed to maintain such progress may re-establish eligibility for Federal student financial aid;
5) the rights and responsibilities of students receiving financial assistance;
6) the means by which financial aid will be disbursed and the frequency of disbursments;
7) the terms of and schedules for repayment of student loans;
8) the terms and conditions of any employment which is part of the financial aid package;
9) the cost of attending the institution;
10) the refund policy of the institution;
11) the academic programs available at the institution and the faculty and facilities available for those programs;
12) data regarding retention of students at the institution;
13) the number or percentage of students completing each program if such data is available; and
14) where and from whom information on student assistance at the institution may be obtained.

The law also requires that someone be available at the school on a full-time basis to assist students in obtaining information on financial aid. This may be one full-time employee or several people assigned so that one of them is always available to students. Existing personnel may satisfy this requirement which may be waived if the school can show that there is insufficient demand to warrant a full-time employee.

Any administrative allowance from a Title IV program which is received by the institution must be used first to carry out these student information requirements. Any remaining funds must be used for other costs of administering the Title IV programs.

VIII. Disclosure of Student Information to Federal Officials

The purpose of the General Education Provisions Act of 1974, as amended by the Family Educational Rights and Privacy Act of 1974 (the "Buckley Amendment"), is to provide privacy safeguards to students and families by setting up guidelines for the disclosure of education records and personally identifiable information.

On June 17, 1976, the Department of Health, Education and Welfare issued regulations implementing the provisions of this Act. Although aid officers and other school officials should be familiar with all parts of these important regulations, two sections are especially important to the conduct of business between schools and the Bureau of Student Financial Assistance.

Paragraph 99.31 specifies that no written consent is required from a student or parent for the disclosure of information to a party which is the source of or administers the financial aid for which a student has applied or has received.

Paragraph 99.35 covers the disclosure of student information to Federal and State officials for Federal program purposes, and states that nothing in the General Education Provisions Act itself or in its implementing regulations "shall preclude authorized representatives of officials listed in paragraph 99.31 (a)(3) [among the listed officials are the Secretary of Health, Education and Welfare, the Commissioner of Education and the Assistant Secretary for Education] from having access to student and other records which may be necessary in connection with the audit and evaluation of Federally supported education programs, or in compliance with the Federal legal requirements which relate to these programs."

The next paragraph goes on to say that the Federal official who collects the information is responsible for safeguarding its privacy and is responsible for destroying personally identifiable data when it is no longer needed.

On occasion, financial aid officers and other school officials conscious of their responsibilities for safeguarding student information have been reluctant to provide USOE program officials with personally identifiable information on a student or students, on the assumption that Federal regulations did not permit them to release that information.

However, the sections quoted above make it clear that supplying such information is permissible, and that responsibility for safeguarding the privacy of the information then passes to the requesting official.

IX. Certification Process

The Education Amendments of 1976 substantially changed the authority for granting institutions participating in the Basic Education Opportunity Grant (BEOG), College Work-Study (CWS), Supplemental Educational Opportunity Grant (SEOG), and National Direct Student Loan (NDSL) programs. In the past, administrative and fiscal standards relating to initial participation have been prescribed only for institutions participating in the Guaranteed Student Loan (GSL) program. Eligibility to participate in the other programs came automatically from the basic eligibility determinations by the Office of Education's Division of Eligibility and Agency Evaluation (DEAE).

Under the new certification process, the granting of basic eligibility by DEAE will permit an institution to apply for participation under a Title IV program administered by the Bureau of Student Financial Assistance (BSFA). Institutions wishing to participate in the GSL program must then submit data relevant to their financial stability and administrative capability to BSFA's Institutional and Lender Certification Branch, ROB-3, 400 Maryland Avenue, S.W., Washington, D.C. 20202, for analysis and approval. This procedure will apply to existing participants as well as new institutions.

In each of the next three years, approximately one-third of the participating schools will be requested to submit financial statements and other data relevant to a determination about their fiscal and administrative capability to administer Title IV student assistance programs. Upon certification, an institution will be issued a new Agreement. The certification will be repeated every three years for each participating institution. The certification review of currently participating institutions will begin in the fall of 1978.

X. New Combined Terms of Agreement

The Bureau of Student Financial Assistance (BSFA) has sent a new Combined Terms of Agreement to each institution participating in the Basic Educational Opportunity Grant (BEOG), Supplemental Educational Opportunity Grant (SEOG), Guaranteed Student Loan (GSL), National Direct Student Loan (NDSL), and College Work-Study (CWS) programs. The new Agreement replaces the individual program agreements which are now required and will be effective until the institution (1) is recertified, (2) undergoes a change of control or (3) until the Commissioner or the institution terminates the Agreement under a program regulation or under the Limitation, Suspension, or Termination regulations.

The new Combined Terms of Agreement is designed to fulfill the following objectives:

- Limit the content of the Agreement to those items either required by statute or essential in an agreement between the Commissioner and a participating institution.
- Combine as many items as possible under common headings applicable to all programs.
- Limit the length of the Agreement, where feasible, by general references to regulations rather than including lengthy statements of program requirements.
- Ease the administrative burden on institutions and on the Office of Education (OE) by simplifying the Agreement process for those institutions participating in more than one BSFA program.

As of June 1, 1978, the Institution and Lender Certification Branch will be responsible for all general agreements for participation in programs administered by BSFA.

Institutions wishing to continue participation in the programs covered by the Agreement will be requested to return signed copies of the new Agreement to the Bureau of Student Financial Assistance, Division of Certification and Program Review, Institution and Lender Certification Branch, ROB-3, 400 Maryland Avenue, S.W., Washington, D.C. 20202.

The Agreements become effective when received and signed by the Chief of the Institution and Lender Certification Branch. Any school which did not receive a new Agreement on or before June 15, 1978 should contact that Branch.

Appendix B-I contains a facsimile of the new Terms of Agreement.

XI. Limitation, Suspension or Termination (LST) Proceedings

Institutions are responsible for administering Federal student aid programs in accordance with the law and applicable regulations. Those institutions which fail to comply with the law or regulations may be subject to limitation, suspension, or termination of eligibility (LST). The basis for an LST action is a failure to comply with any provision of Title IV of the Higher Education Act of 1965, or any regulations, special arrangements, agreements, or limitations prescribed under that title.

It is the desire of the Office of Education to resolve questions of an institution's compliance with the law by informal means whenever possible. The LST procedures are therefore intended to reinforce, not to replace, informal efforts to obtain compliance. When there is reason to believe that an institution is in violation of the law, the Office of Education will first bring the matter to the attention of the institution. The institution will be given an opportunity to respond to the complaint or to prevent its recurrence. It should be

noted that the Commissioner may begin LST procedures during this "informal compliance period" if he/she believes it is necessary.

A formal LST procedure begins when a notice of intent to limit, suspend, or terminate is sent to the institution by certified mail. The institution is given a certain amount of time to respond, usually fifteen days. If there is no response, a second notice is sent by certified mail. This notice is final and there are no further administrative appeals possible. If the institution does respond, it must either submit additional material, ask for a meeting, or ask for a hearing. After the evidence presented is considered, the final decision will be mailed promptly.

Limitation of an institution's eligibility means that the U.S. Office of Education has set special conditions which the institution must meet in order to be eligible for any or all Title IV programs. The limitation cannot be removed for at least one year. After a year has elapsed, the institution may request in writing the removal of limitation. The request must also show that the violations on which the limitation was based have been corrected. The Commissioner of Education must, within 60 days, either grant the request, deny it, or grant it subject to other limitations.

Suspension is the removal of an institution's eligibility for any or all Title IV programs for a period of time which may not exceed 60 days unless a formal limitation or termination proceeding is begun, or unless the institution and the Office of Education agree to an extension. Suspension actions are used only to induce an institution to correct a program violation within a short period of time.

Termination is the unqualified removal of an institution's eligibility for any or all Title IV programs. The termination cannot be removed for at least 18 months. After 18 months have elapsed, the institution may apply for reinstatement in essentially the same manner as described above for removal of limitation.

As part of any LST action, the Office of Education may require an institution to remedy a violation. The corrective action may involve payment of funds to OE or other recipients, for example, or making refunds to students under Title IV regulations.

Emergency Action is an immediate suspension of eligibility for any or all Title IV programs. The suspension may not last more than 30 days, unless a formal LST procedure is started. If the formal procedure is started, the emergency action may then be extended until the effective date of the LST action. If an LST action is begun, the institution may request an opportunity to show that the emergency action is unwarranted.

The due process requirements for an emergency action are minimal in order to allow OE to move quickly in order to protect itself from the imminent risk of substantial loss of Federal funds. The designated OE official begins the emergency action by notifying the offending institution by certified mail of the action and the basis on which it is taken. The suspension becomes effective on the date the institution receives the notice. The OE official who authorizes the emergency action must:

1) Receive information which he/she believes to be reliable. It must show that an institution is in violation of applicable laws, regulations, special arrangements, agreements, or limitations. This information should be documented.
2) Determine that such action is necessary to prevent the likelihood of substantial loss of funds to the Federal government or to the students at the institution.
3) Determine that the likelihood of loss outweighs the importance of following the normal LST procedures.

XII. Standards for Institutional Audits, Records, Financial Responsibility, Administrative Capability, Regunds to Students, and Misrepresentation

Section 497A of the Higher Education Act of 1965, as amended by Section 133 of the Education Amendments of 1976, authorizes the Commissioner of Education to prescribe such regulations as may be necessary to provide for:

A. A fiscal audit of an eligible institution with regard to any funds obtained by it under Title IV programs or obtained from a student who has a loan guaranteed or insured under Title IV.

B. the establishment of reasonable standards of financial responsibility and appropriate institutional capability for the proper administration of Title IV student financial aid programs.

C. The establishment of policies and procedures by eligible institutions under the Guaranteed Student Loan program for notifying the lender of the last known address of the borrower no later than 60 days after he/she has terminated enrollment at that institution.

D. The limitation, suspension, or termination of the eligibility of an otherwise eligible institution to participate in Title IV programs, because of failure to carry out any statutory or regulatory provision under Title IV.

The statute also provides that the Commissioner may limit, suspend, or terminate an institution's participation in Title IV programs upon a determination that that institution has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, or the employability of its graduates.

The statute directs the Commissioner to issue a comprehensive revision of the regulations previously prescribed for Section 438 of the Act - which dealt with many of the matters covered in the new Section 497A, but only with respect to the Guaranteed Student Loan program in Section 438 - in order to make such regulations applicable to all Title IV programs, to the extent possible. Until the publication of the new regulations, those regulations previously issued under Section 438 with respect to the Guaranteed Student Loam program remain in force.

The Office of Education has developed regulations on all the above topics (except for the limitation, suspension, and termination procedures, which were published as a final regulation on December 23, 1977), and published them as a Notice of Proposed Rule Making (NPRM) on August 10, 1978. Opportunity for public comment was provided at that time. The Notice of Proposed Rulemaking did not include proposed regulations on institutional refund policies. Rather, the Commissioner solicited public comment on the subject in the Preamble of the NPRM.

XIII. Determination of Student-Owed Refunds and Apportionment of Student-Owed Refunds Among Original Funding

A different type of refund is the repayment that a student owes to an institution of a portion of financial aid funds disbursed to the student for educational purposes, when the student does not complete the period of study for which funds were advanced. Institutional policies for the determination of such refunds vary significantly, but no matter how a student-owed refund is calculated, when a refund is made by the student to the institution, the refund must be apportioned among the original funding sources. The fiscal and administrative standards regulations published on August 10, 1978 include a formula for making such apportionments. At this point we want to alert all handbook users that final regulations are being developed.

Further information regarding refunds and repayments under the Basic Grant program may be found in Chapter III, Section B.

Basic Grant Program

Section A: Highlights Of New Regulations

Section B: Calculation Of Basic Grant Awards

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Basic Grant Program

Section A - Highlights of the New Basic Grant Regulations

The Basic Grant regulations to be issued in the fall of 1978 contain a number of new procedures and definitions, as well as elaborations of existing regulations. The section below briefly mentions the most significant changes. Note that schools may follow current procedures until the new regulations are issued in final form.

- The term "award period" replaces "academic year" to describe the period of time from July 1 to June 30 of the next year.
- "Academic year" replaces "school year." It refers to the amount of academic work for which a student must enroll in order to receive a full Basic Grant award.
- "Payment period" has been redefined in its application to clock hour schools. It refers to half the number of hours a student can be expected to complete during the academic year and within the award period. Thus, payment of Basic Grant awards at clock hour schools will now be keyed to work actually completed, not to time passed.
- The definition of "Institution of Higher Education" now allows eligible public and non-profit schools to admit as regular students not only high school graduates but also persons who are beyond the age of compulsory attendance in the State in which the school is located, and who have the ability to benefit from the institution's training.
- Minimum length for program eligibility at proprietary schools is 600 clock hours, 16 semester or trimester hours, or 24 quarter hours.
- Minimum length for program eligibility at public or non-profit schools is 24 semester or trimester hours, 36 quarter hours, or 900 clock hours.
- If a school becomes eligible, it may pay a student only for the payment period in which it becomes eligible, and not retroactively for the whole year, as was permitted under the old policy.
- If a school becomes ineligible, it may pay the student only to the end of the payment period in which it loses its eligibility.
- If an incarcerated student lives in a halfway house and receives less than half his/her room and board from the incarceration facility, the student receives the same cost of education allowance as a student who is not incarcerated. The financial aid officer makes the determination of whether the incarceration facility provides more than half the student's room and board expenses.
- A student who re-establishes satisfactory progress before the end of a payment period may be paid retroactively for the payment period. However, if the re-establishment does not occur until after the end of the payment period, no retroactive payment can be made.
- The definition of "satisfactory progress" is left to the school. However, the school must have a definition of some kind, since otherwise it would have no means of measurement for making the determination required by the statute.
- Students who receive overpayments as a result of an error in completing an application or changing an SER cannot receive any further Title IV money until the overpayment is returned. Students who receive overpayments as a result of institutional error may continue to receive Basic Grant payments, if they acknowledge the overpayment in writing and agree to repay it in a reasonable time. "Reasonable time" is determined by the financial aid officer.
- The Office of Education has discarded the formula proposed last year for calculating the portion of a grant disbursement considered an overpayment which should be repaid by the student who terminates his or her education before the end of a payment period. Instead, a procedure is proposed which gives the school discretion in determining the portion of a cash disbursement it considers "unused" as of the student's withdrawal data. The "unused" amount would then be returned to the Basic Grant account, or proportionately distributed back into each Title IV program involved.
- If a student has defaulted on an NDSL or GSL for study at a school, the school may still pay that student a Basic Grant award if it determines that the student has made satisfactory repayment arrangements.
- If a student does not pick up his or her Basic Grant check at the assigned time, the school must hold it 15 days beyond the last day of the student's enrollment

for that award period. If the student still has not picked it up, he or she forfeits it and the school may credit the student's account for any amounts the student owes for that award period.

- If a school pays a student directly, it may pay no earlier than ten days before the first day of classes.
- If a school credits a student's account, it may do so no earlier than three weeks before the first day of classes.
- Following submission of a final report of expenditure of funds, schools must keep records for five years rather then the previously required three years.
- ADS schools must sign a written agreement in order to participate in the program.
- RDS schools must have their Basic Grant accounts and transactions audited at least once every two years. (This is consistent with campus-based requirements).

Section B - Calculation of Basic Grant Awards

I. Computation

An institution must follow four separate steps in computing awards for both full and part-time students:

- Determine the Student's Enrollment Status
- Calculate the Cost of Attendance
- Determine the Scheduled Award
- Compute the Expected Disbursement

A. Determine the Student's Enrollment Status

In the Basic Grant program, a student's enrollment status is defined as either full-time, three-quarter time, or half-time. A full-time student is defined as one taking a minimum of 12 semester or quarter hours at institutions with standard academic terms or a minimum of 24 clock hours per week at institutions which measure progress in terms of clock hours. Similarly, the minimum requirements for three-quarter time status are 9 semester or quarter hours or 18 clock hours per week. For half-time students, the minimums are 6 semester or quarter hours or 12 clock hours per week. A student must be at least half-time to receive an award, and must be classified in one of these three enrollment categories.

A correspondence student's course of study must require at least 12 hours of preparation per week in order for him or her to qualify as a half-time student. Regulations also state that correspondence students cannot be considered more than half-time, no matter how many hours of preparation their course work requires.

It should also be noted that the full-, half-, or three-quarter time determination is primarily based upon the number of hours *required by the institution*, as long as the institutional requirements meet the minimums above. This means that if, for example, an institution requires *at least* 36 clock hours per week for full-time enrollment status, a student at that institution who is attending only 24 clock hours per week would not be considered full-time. Furthermore, the institution must determine the definitions of three-quarter and half-time status based on the full-time requirements.

B. Calculate the Cost of Attendance

The cost of attendance used to determine Basic Grant awards is *always* the cost for a full academic year.

The Basic Grant regulations specifically state that the following items are to be included in determining a student's cost of attendance for purposes of calculating the amount of the Basic Grant award. The institution may not consider any other costs for purposes of Basic Grants.

The items which are included in costs of attendance are:

1) tuition and fees;
2) living expenses;
3) miscellaneous expenses.

1. Tuition and Fees

The actual amount of tuition and fees the student is charged by the institution will be included with the following provisions:

a. For three-quarter or half-time students, the tuition and fees normally charged to full-time students for a full school year should be used. At institutions which charge on a per-hour basis, the costs for full-time students must be computed based on the actual number of hours taken, but the costs for part-time students may be a standard figure based on the typical hours taken by full-time students at that school. Note that tuition costs are *always* based on the standard number of terms during the academic year, regardless of whether the student enrolls in a summer session.

b. The tuition charge may include any additional amount charged to "out-of-State" and/or "out-of-district" students.

c. The tuition charge may include any costs of field trips (within the United States) which are required for all students taking a particular course of study *if these costs are normally included in tuition charges*.

d. Any costs associated with student travel to and from his or her residence and the institution are not permitted to be included in tuition charges nor may institutions include in tuition charges costs associated with student travel to and/or from his/her residence and the institution.

e. Fees which are included in cost of attendance must be those charged to *all students* (i.e., activity fees); *all students* within a certain class of study (i.e.; laboratory fees); or those fees required of a certain class of students (i.e., out-of-State fees).

f. All students are to be given the appropriate allowance for books, supplies and miscellaneous expenses as described below, regardless of the actual amount paid for the items. "Tuition and fees" should *not* include any amount charged by the institution for books, supplies, or specialized equipment such as hair dressing kits or musical instruments, even if they are required by the institution.

g. The amount of tuition and fees may never be reduced because the student is receiving other forms of student financial aid which help to cover these costs.

h. Tuition and fees used in the cost of attendance may not exceed the tuition and fees charged for an academic year. In cases where a student is charged an amount of tuition and fees to cover a period of study greater than an academic year, the amount must be prorated as follows:

$$\text{tuition and fees} \times \frac{\text{clock or credit hours in academic year}}{\text{clock or credit hours in program}}$$

2. Room and Board Expenses

The cost of attendance for all students except those who are incarcerated and those enrolled in correspondence study (see below) includes an allowance for room and board expenses. The amount used must be:

a. For students who contract for room and board with the institution, the actual amount charged by the institution; or

b. For students who contract for *room* facilities with the institution but who pay their own food costs, the actual amount charged by the institution for room plus an allowance of $625 for board; or

c. For students who contract for *board* costs with the institution but who pay their own room expenses or live at home, the actual amount charged by the institution for board *plus* an allowance of $475 for room; or

d. For students who do not contract for room or board with the institution, an allowance of $1100 for living expenses; or

e. For students who contract for room and/or board with the institution for less than seven days per week, a daily rate can be calculated, based on the standard allowances, for those days not covered by the contract and added to that cost already covered.

3. Miscellaneous Expenses

The cost of attendance for all students, except incarcerated students and students enrolled in correspondence study (see below), must include a $400 allowance for books, supplies and miscellaneous expenses.

With a few specific exceptions, all students will have a minimum cost of attendance of $1500 ($1100 living expenses plus $400 books, supplies, and miscellaneous allowance). Students who are attending tuition-free institutions with no on-campus living facilities are still provided the $1500 minimum allowance. These allowances are the same for both full and part-time students.

C. Special Circumstances

Since Basic Grants is an entitlement program, it is important that all students' costs are determined in the same manner. While the rules listed above cover the majority of students and institutions, there are a few instances where it is necessary to make further clarifications. Listed below are some situations which require special treatment and/or interpretation:

1. Study by correspondence

Students who are taking courses by correspondence can only have the actual tuition and fees charged by the institution for an academic year considered in determining their cost of attendance. Unless the course of study includes a required residential segment, no room and board allowances would be included.

If there is a required period of residential training, the cost of attendance for such training would be based on the actual cost. If the student is not contracting with the institution for room and board, the allowable room and board expenses described in Section B-2 would apply. These costs would then be pro-rated in the same ratio as the period of residential training is to 8 months.

2. Incarcerated Students

In determining the costs of attendance for incarcerated students, the only items which can be considered are the full-time tuition and fees charged by the institution for an academic year plus an allowance of $150 for books and supplies. No room

and board allowance is provided for incarcerated students.

New regulations allow a room and board allowance to be used in determining the costs of attendance of those incarcerated students for whom less than one-half of room and board expenses are provided. In most cases, these students will be living in halfway houses or participating in work-release programs.

3. Fraternity and Sorority Houses

Students who are living on campus but do not contract with the institution for room and board (such as some students living in fraternity or sorority houses), are given the $1100 off-campus living allowance.

For students who live in fraternities or sororities and do contract with the institution for this room and board, the actual cost charged by the institution would be used in determining the cost of attendance.

4. Foreign Study

The cost of attendance for students who are studying abroad while remaining an eligible student at the eligible institution may not exceed the costs of attendance at the eligible institution.

5. Consortium Arrangements

The home institution uses the actual amount charged to the student at the other institution(s) when determining a student's cost of attendance when he/she is enrolled at a consortium institution.

6. Co-op Programs

If a student is in a term of co-op employment, the cost of attendance to be used for determining the amount of his or her Basic Grant for that term should be the tuition and fees for a co-op term projected over a school year plus room, board and miscellaneous expenses. For example, if a student will spend one quarter on co-op where he or she is charged $50 fees and no tuition, that $50 is projected over 3 quarters (an academic year) and added to room, board and miscellaneous expense allowances, i.e., $150 + $1100 + $400 = $1650.

7. Variable Tuition Rates

Full-time students enrolled at institutions which have a per-credit hour tuition charge will have their tutition and fees determined based upon a projection of their current enrollment over an entire academic year.

For example, if a student enrolls fall semester for 12 credits and is charged $10 per credit hour, the tuition cost for the semester is $120. Projected over 2 semesters (an academic year) the tuition and fees equal $240. That amount is added to room, board and miscellaneous expense allowances to determine the student's award for fall semester. If in spring semester, the same student enrolls for 15 credits at $10 per credit hour, his or her tuition and fees for spring semester would be $150. Projected over 2 semesters, the tuition and fees equal $300. The Basic Grant payment for spring semester would be based upon a cost of attendance of $300 plus room, board, and the miscellaneous expense allowance.

For part-time students the cost of tuition and fees would be based upon the cost for a typical full-time student at that institution., i.e. a typical full-time student takes 15 credits per semester. A part-time student's cost of attendance at that school is $300 plus room, board and miscellaneous expense allowance.

8. Student Enrolled in a Military Academy

Students enrolled in one of the four U.S. military service academies are not considered to have any costs of attendance, and therefore may not receive Basic Grant awards.

9. The Student Will Attend More Than One Academic Year During an Award Period

An institution may define its own academic year. For schools using standard academic terms, an academic year is the period of time in which a full-time student is expected to complete the equivalent of two semesters, two trimesters or three quarters.

For clock hour schools, a full academic year must be at least 900 hours long. Eligible programs between 600 and 899 hours long are considered less than a full academic year long.

In some cases, a student may attend more than an academic year within an award period. Since the student may not receive more than one academic year's entitlement during an award period, there may be a portion of the student's attendance for which no Basic Grant can be paid.

D. Determine the Scheduled Award

The Scheduled Award is the amount that a full-time student enrolled for a full academic year is entitled to receive for a given year. It is determined by taking three elements into account: the eligibility index taken from the 1978-79 Student Eligibility Report, the total allowable cost of attendance derived in Section B above, and the 1978-79 Payment Schedule. The scheduled award can be located on the full-time Payment Schedule and should be entered in Box 4, Section 4 of the SER.

This step must be included in the computation of all

students' awards.

The Scheduled Award is an important element used in the processing of institutional Progress Reports and in keeping track of the total eligibility used by each student.

Payment Schedule

The Payment Schedule and the two part-time Disbursement Schedules are the charts which list Eligibility Index numbers across the top and costs of attendance down the side. By following the correct line and column on the appropriate schedule the institution can determine the appropriate scheduled award or expected disbursement. In developing the annual Payment Schedule, the Office of Education estimates the total demand for Basic Grants for the appropriate award period, taking into account such factors as student enrollment by income, institutional charges, and the appropriate formula for determining the student's eligibility index.

The result of analyzing this data permits the Office of Education to develop an estimate of the total demand which can then be compared to the amount of available funds. Once the award levels for the full-time Payment Schedule are developed, the Disbursement Schedules for half-time and three-quarter-time students are derived by taking half and three quarters of the awards at each level of cost and eligibility index.

When using the Payment and Disbursement Schedules, it is important to remember that the Schedules show both the cost of attendance and the eligibility index in intervals of 50. The award is based on the mid-point, and some students' awards may exceed one-half cost by a few dollars. This is acceptable and no adjustment should be made from the amount shown on the Payment or Disbursement Schedule to account for the one-half cost provision.

Payment and Disbursement Schedules to be used for the 1978-79 academic year have been distributed to the financial aid offices at all institutions which are participating in the Basic Grant Program. For an explanation of the method used to arrive at the figures on the Payment Schedule, see Appendix C.

E. Compute the Expected Disbursement

For full-time students enrolled for a full academic year, the expected disbursement will be the same as the Scheduled Award. That amount should therefore be entered in Box 4, Section 4 of the SER.

1. Clock hour schools

Note that schools will not have to use the clock hour computation method described below until the New Basic Grant regulations are issued in final form.

For clock hour schools, the method of computing the expected disbursement is different from the one used in 1977-78. The new method eliminates the use of the part-time Disbursement Schedules as well as the need for recomputation due to enrollment status changes. Although the part-time Disbursement Schedules will not be used, the student must still be at least half-time during the payment period in order for payment to be made. Awards are calculated using a simplified formula which embodies two important revisions in the New Basic Grant regulations.

The first is that a school now will define the length of its academic year to be the number of clock hours the student must complete to receive a Scheduled Award, that is, an equivalent of 2 semesters, 2 trimesters or 3 quarters of full-time attendance. The definition of "academic" year no longer has to be the same as the amount of work the student will be expected to complete in a 12 month period, as was the former definition of "school year." However, an academic year must be a minimum of 900 clock hours.

The second revision is that "payment period" is defined as half the number of hours the student can be expected to complete *within an award period*. (The single exception to this definition occurs when the student will complete more than an academic year's worth of hours within an award period. Computation procedures for this situation are discussed at the end of this section).

Disbursement is now keyed to work to be completed, rather than to time passed. To calculate the disbursement for a payment period, use the following formula:

$$\text{Full-time Scheduled Basic Grant} \times \frac{\text{clock hours in payment period}}{\text{clock hours in academic year (900 minimum)}} = \text{Disbursement for payment period}$$

Thus, if a student enrolls in a program for which the academic year is defined as 1000 hours, and he/she can be expected to complete 480 hours before the July 1 dividing line between award periods, he/she would receive one disbursement upon enrollment, and a second disbursement upon completion of the 240th hour.

Assuming a "0" eligibility index and an over-$3200 cost of education, his/her first disbursement would be calculated as follows: $\$1600 \times \frac{240}{1000} = \$384$

At the 240th hour, a second calculation would be made for the second disbursement. If the student has progressed on schedule, that calculation would be identical to the one above.

However, if the student has fallen behind, and reaches the 240th hour later than originally expected, the numerator in the formula would change to reflect

the reduced number of hours the student could now be expected to complete by the end of the award period. If that number changed to 200, for example, the disbursement for the second payment period would be computed as follows: $\$1600 \times \frac{200}{1000} = \$320$

If after he/she receives the second disbursement, the student falls behind by another 40 hours before the end of the award period, no recalculation is necessary. Instead, the student would receive no further disbursements until he/she reached the 200th hour. At that point, the first disbursement for the 1979-80 award period would be made. The student would have then completed 480 hours, and would have 520 more to go. Therefore, each payment period would be 260 hours long, and the calculations would be made exactly as before.

If, after receiving the second disbursement, the student in this example increases his/her attendance and reaches the 200th hour before the end of the award period, a third disbursement can be made.

Note that if less than 3 months of an academic year occur within an award period, only one disbursement need be made.

Note also that the denominator in the formula must always be at least 900. Thus, if a zero-index student enrolls in a 600 hour program with an over-$3200 cost of attendance, the award for the first payment period would be calculated as follows:

$$\$1600 \times \frac{300}{900} = \$533$$

If the second payment period falls within the same award period, the second calculation would be identical to the first. The student in this example would receive a total award of $1066 (or 600/900 of $1600).

If a student expects to complete more than an academic year's worth of hours within an award period, a payment period would be considered half the hours in an academic year, not half the hours the student expects to complete.

For example, a school defines its academic year as 900 clock hours, but a student expects to complete 1200 hours between July 1 and June 30. Assuming a "0" eligibility index and an over - $3200 cost of attendance, the first disbursement is calculated as follows:

$$\$1600 \times \frac{450}{900} = \$800$$

When the student completes the 450th hour, the second disbursement is made. If the student is on schedule and will complete another 450 hours before the end of the award period, the second calculation will be identical to the first.

At the completion of the 900th hour, the student would have received his or her full entitlement, and would receive no further payments for hours completed in the 1978-79 award period. The student would resume receiving payments for work done beginning July 1.

* * * *

In computing disbursements, there are a number of cases where the student's expected disbursement will be different from the Scheduled Award. These differences will occur when:

(1) The student is enrolled on less than a full-time basis.
(2) The student is enrolled for less than a full academic year (e.g., second semester only).
(3) The student's course of study is less than an academic year in length.
(4) A summer school term spans award periods.
(5) The student transfers from a school with a low cost of attendance to a school with a high cost of attendance.

The following sections discuss each of these conditions in detail.

2. The student is enrolled on less than a full-time basis.

As described in Section B of this chapter, a full-time student is one who is enrolled for a minimum of 12 semester or quarter hours or 24 hours per week; a three-quarter time student is one who is enrolled for 9 semester or quarter hours or 18 clock hours per week, and a half-time student is one who is enrolled for 6 semester or quarter hours or 12 clock hours per week.

The normal computation procedure for students in clock hour schools covers both full and part-time students. The material in this section therefore, applies only to schools which measure progress by standard academic terms.

To determine the expected disbursement for three-quarter or half-time students, the institution follows a procedure similar to the one used to determine the Scheduled Award. Using the eligibility index from the 1978-79 SER and the full-time cost of attendance calculated in Section B, look up the student's award on the Three-Quarter Time or Half-Time Disbursement Schedule, whichever is appropriate. It is important that the correct schedule be used, since institutions are responsible for errors in awards which result from using the wrong schedule.

If the student is expected to be enrolled at the same status for a full academic year, and the academic year does not overlap award periods, the amount taken from the Disbursement Schedule will also be the expected disbursement, and should be entered on Box 4, Section 4, of the SER. Please note that this is the maximum a student may receive during a normal academic year if he or she does not change enrollment status. However, if the student continues attendance at that status for more than an academic year within an award

period, his or her award will exceed the expected disbursement.

A student who has received a full-time Basic Grant award for both semesters or all three quarters during an academic year has used up his entitlement for that academic year. However, if the student was not full-time for one or all of the terms, he or she has not used a full year's entitlement.

3. The student is enrolled for less than a full academic year.

If a student is enrolled for a portion of an academic year during an award period, e.g., one semester, the Basic Grant will be calculated on the basis of the student's attendance for a full academic year, but will be reduced in the same proportion as the length of time which he or she enrolled in the award period bears to the length of time of the academic year.

For example, a student who enrolls for the second semester of a two-semester academic year would receive one-half of the award he or she would have received had he or she enrolled for both semesters.

Another example of this would be a student who transfers into a 900 clock hour program after 250 hours of the program have elapsed. This student would receive only 650/900 of the award from the payment or Disbursement Schedule.

4. The student's course of study is less than a full academic year in length.

Most of these cases will involve students who enroll at clock hour schools for a course of study which is less than the 900 hour minimum length for an academic year. No extra steps are necessary when computing the award, since proration is built into the standard computation procedure.

If a student enrolls in a course of study less than a full academic year long at a school with standard terms and credits, the expected disbursement would be reduced as follows:

$$\text{Expected Disbursement} \times \frac{\text{No. of terms in Program}}{\text{No. of terms in Academic Year}} = \text{Reduced Expected Disbursement}$$

5. The Term Spans Award Periods

Since the procedure for computing awards at clock hour schools routinely takes into account the July 1 dividing line between award periods, no special steps are necessary. The following information applies only to schools with standard academic terms using credit hours.

The new Basic Grant regulations contain guidelines which give schools greater flexibility in disbursing summer term awards. In general, if a student's enrollment in the summer term overlaps two award periods, the school may disburse the award from the student's entitlement for 1978-79 or for 1979-80, providing the student does not exceed his or her entitlement in either award period. (See Basic Grant to be regulations published in the fall of 1978 for further discussion).

6. The student transfers from a school with a low cost of attendance to a school with a high cost of attendance.

If a student with a zero eligibility index attends school A and receives $406 for the first semester (half of the $812 Scheduled Award for a $1600 - $1649 cost of attendance), he or she has received half the entitlement for year.

If the student then transfers to school B for the second semester and receives a $706 award (half the Scheduled Award for a cost of attendance from $2800-$2849) he or she has used the second half of entitlement for the year and is not eligible for any further payments until July 1 — even though he or she has not received the highest Scheduled Award.

It should also be pointed out that Basic Grant regulations do not require the aid officer to check on the amount of Basic Grant awards students may have received at schools they transferred from. However, if the aid officer has documentation that payment of the Expected Disbursement would cause a student to exceed his or her entitlement, the officer must adjust the award accordingly.

Sample Cases

CASE 1: A student with an eligibility index of 300 enrolls full-time in a university with a two-semester academic year. For the year, his tuition and fees are $718, his room is $699, and his board is $760.

CASE 2: A student with an eligibility index of 300 enrolls three-quarter time (10 credits) in a college where all students taking over 9 credits are charged full-time tuition. The academic year consists of three quarters, but the student has enrolled for only the last two. For a full academic year, the charges are $850 for tuition and fees, $625 for room, and $750 for board.

CASE 3: A student with an eligibility index of 300 enrolls half-time (7 credits) in a school where the normal full-time course load is 14 credits. The academic year is two semesters, and the charge per credit is $31. The tuition allowance would therefore be $31 x 14 credits x 2 semesters x $868. The student lives off-campus, so the standard

allowances for room board, books, supplies, and miscellaneous expenses would be used.

CASE 4: A student with an eligibility index of 125 enrolls in a 900 hour program at a business college. The tuition and fees for the program are $2100. All students live off campus, so the standard allowances for room and board would be used. The school will make two disbursements, so each payment period is 450 hours long.

CASE 5: A student with an eligibility index of 0 enrolls in an 1800 hour course at a school of beauty culture. The school defines its academic year as 900 hours. The tuition and fees for this course are $2200. There is also a charge for a beauty kit, for uniforms and for beauty supplies. Note that these charges may *not* be considered part of the tuition and fees. These charges are provided for by the standard allowance of $400 for books, supplies, and miscellaneous expenses.

Note than when using the worksheet, the tuition and fees are for one *academic year,* not for the entire course. In this example, the tuition and fees would be 900/1800 of $2200, or 1100.

If the school wishes to pay more than twice per academic year, it may further subdivide payments within each payment period as will best meet the needs of its student.

CASE 5A: The student in Case 5, after receiving the first disbursement of $656, missed a few weeks of school. When she reaches the 450th hours, she can now be expected to finish only 350 more hours before the end of the award period.

CASE 6: A student with an eligibility index of 400 enrolls in a 600 hour program at a computer programming school. The tuition and fees for the program are $1000. The student will complete only 200 hours of the program in the 1978-79 award period, and it will take him less than three months to do so. Since less than 3 months of this student's academic year occurs in the 1978-79 award period, only one disbursement need be made.

II. Recomputation of Awards Due To Change In Enrollment Status

At clock hour schools, recomputation is not necessary. Students would not receive further payments until they have completed the number of hours for which they have already been paid. The following information on recomputation refers only to schools with academic terms and credit hours.

A. Beginning of a payment period.

The financial aid officer must recalculate a student's award at the beginning of a payment period if the student's enrollment status has changed from that of the previous payment period. The student's award for the payment period would be calculated according to standard procedures.

A payment period is a semester, trimester, quarter, or other academic term.

B. Within a Payment Period

An institution may, but is not required to, establish a policy under which a student's award may be recalculated if his or her enrollment status changes within a payment period. If such a policy is established, it must apply to all students. If a student's award is recalculated, the institution determines the total amount the student is entitled to for the entire payment period by taking into account:

(1) The portion of the payment period at the original enrollment status;
(2) The portion of the payment period at the new enrollment status; and
(3) Any change in the student's cost of attendance.

If the recalculation shows that the student has been overpaid, the overpayment must be recovered. The school may collect it directly from the student, or may adjust future Basic Grant payments within the same award period. The student would not be eligible to receive a Basic Grant in any future award period until the overpayment is recovered.

Note that a change from one part-time status to another in the same program would not require a recalculation of cost of education because the typical full-time cost is used in both cases. However, if a student changes from part-time to full-time and his or her actual full-time cost is different from that used for calculating part-time awards, the full-time award should be based on the actual full-time costs. In this context, when the costs are recalculated the tuition amount for a full school year at the new enrollment status should be used.

Worksheet A

COMPUTATION OF FULL-TIME AWARDS AT SCHOOLS WITH ACADEMIC TERMS AND CREDIT HOURS

Name: _____ Student Eligibility Index _____

Date: _____

1. Cost of attendance:
   a. Tuition and fees for academic year a. _____
   b. Room b. _____
   c. Board c. _____
   d. Books, supplies, and miscellaneous expenses d. _____
   TOTAL _____

Enter total on line 1 and in Box 1, Section 4 of the SER 1. _____

2. Look up full-time scheduled award, using the Student Eligibility Index and Cost of Attendance. Enter on line 2 and in Box 3, Section 4 of the SER. 2. _____

3. Expected Disbursement. If the student plans to attend for a full academic year, enter amount from line 2 on line 3.

If the student expects to enroll for less than a full academic year, the expected disbursement must be prorated as follows:

   a. Divide number of terms student expects to enroll by number of the terms in academic year. (For a student entering second semester, this fraction = ½). a. _____

   b. Multiply line 2 by fraction established in (a) of this step. Enter on line 3 as Expected Disbursement. Also enter in Box 4, Section 4 of the SER. 3. _____

4. Determine amount per payment. Divide line 3 by number of payments scheduled for the academic year. 4. _____

Worksheet B

COMPUTATION OF PART TIME AWARDS AT SCHOOLS WITH ACADEMIC TERMS AND CREDIT HOURS

Name: _____ Student Eligibility Index: _____

Date: _____

1. Cost of Attendance:
   a. Tuition and fees for academic year a. _____
   b. Room b. _____
   c. Board c. _____
   d. Books, supplies, and miscellaneous expenses d. _____
   TOTAL _____

   Enter total on line 1 and in Box 1, Section 4 of the SER. 1. _____

2. Look up full-time scheduled award using the Student Eligibility Index and Cost of Attendance. Enter on line 2 and Box 3, Section 4 of the SER. 2. _____

3. Look up expected disbursement from appropriate part-time Disbursement Schedule, using the Student Eligibility Index and Cost of Attendance.

   If student expects to attend for a full academic year, enter this amount on line 3 and in Box 4, Section 4 of the SER.

   If the student expects to enroll for less than a full academic year, the expected disbursement must be prorated as follows:

   a. Divide number of terms student expects to enroll by number of terms in academic year. (For a student entering second semester, this fraction = ½.)

   b. Multiply expected disbursement by fraction established in (a) of this step. Enter on line 3. Also enter in Box 4, Section 4 of the SER. 3. _____

4. Determine amount per payment. Divide line 3 by number of payments scheduled for the academic year. 4. _____

Worksheet C

COMPUTATION OF AWARDS AT CLOCK HOUR SCHOOLS

Name: _____

Date: _____

Student Eligibility Index:

_____

Total Length of Program in hours:

_____

Length of academic year in hours:

_____

1. Cost of Attendance:
   a. Tuition and fees for academic year a. _____
   b. Room b. _____
   c. Board c. _____
   d. Books, supplies, and miscellaneous expenses. d. _____
   TOTAL _____

   1. _____

   Enter total on line 1 and in Box 1, Section 4 of the SER.

2. Full-time scheduled award. (Enter on line 2 and Box 3, Section 4 of the SER). 2. _____

3. Disbursement for payment period:

   $$\text{line 2} \times \frac{\text{clock hours in payment period}}{\text{clock hours in academic year (900 minimum)}} = \text{Disbursement for payment period}$$

   Enter disbursement for payment period in line 3. 3. _____

4. Expected disbursement = line 3 × number of payment periods in award period: Enter expected disbursement in Box 4, Section 4 of the SER. 4. _____

Worksheet A

COMPUTATION OF FULL-TIME AWARDS
AT SCHOOLS WITH
ACADEMIC TERMS AND CREDIT HOURS

Name: CASE 1 Student Eligibility Index 300

Date: 9-7-78

1. Cost of attendance:
   a. Tuition and fees for academic year a. 718
   b. Room b. 699
   c. Board c. 760
   d. Books, supplies, and miscellaneous expenses d. 400
   TOTAL 2577

Enter total on line 1 and in Box 1, Section 4 of the SER 1. 2577

2. Look up full-time scheduled award, using the Student Eligibility Index and Cost of Attendance. Enter on line 2 and in Box 3 Section 4 of the SER. 2. 1288

3. Expected Disbursement. If the student plans to attend for a full academic year, enter amount from line 2 on line 3.

If the student expects to enroll for less than a full academic year, the expected disbursement must be prorated as follows:

   a. Divide number of terms student expects to enroll by number of the terms in academic year. (For a student entering second semester, this fraction = ½). a. _____

   b. Multiply line 2 by fraction established in (a) of this step. Enter on line 3 as Expected Disbursement. Also enter in Box 4, Section 4 of the SER. 3. 1288

4. Determine amount per payment. Divide line 3 by number of payments scheduled for the academic year. 4. 644

Worksheet B

COMPUTATION OF PART TIME AWARDS AT SCHOOLS WITH ACADEMIC TERMS AND CREDIT HOURS

Name: CASE 2 Student Eligibility Index: 300

Date: 1-7-78

1. Cost of Attendance:
   a. Tuition and fees for academic year a. 850
   b. Room b. 625
   c. Board c. 750
   d. Books, supplies, and miscellaneous expenses d. 400
   TOTAL 2625

   Enter total on line 1 and in Box 1, Section 4 of the SER. 1. 2625

2. Look up full-time scheduled award using the Student Eligibility Index and Cost of Attendance. Enter on line 2 and Box 3, Section 4 of the SER. 2. 1312

3. Look up expected disbursement from appropriate part-time Disbursement Schedule, using the Student Eligibility Index and Cost of Attendance.

   If student expects to attend for a full academic year, enter this amount on line 3 and in Box 4, Section 4 of the SER.

   If the student expects to enroll for less than a full academic year, the expected disbursement must be prorated as follows:

   a. Divide number of terms student expects to enroll by number of terms in academic year. (For a student entering second semester, this fraction = ½.)

   b. Multiply expected disbursement by fraction established in (a) of this step. Enter on line 3. Also enter in Box 4, Section 4 of the SER. 3. 875

4. Determine amount per payment. Divide line 3 by number of payments scheduled for the academic year. 4. 438

Worksheet B

COMPUTATION OF PART TIME AWARDS
AT SCHOOLS WITH
ACADEMIC TERMS AND CREDIT HOURS

Name: CASE 3 Student Eligibility Index: 300

Date: 8-30-78

1. Cost of Attendance:
   a. Tuition and fees for academic year a. 868
   b. Room b. 625
   c. Board c. 475
   d. Books, supplies, and miscellaneous expenses d. 400
   TOTAL 2368

   Enter total on line 1 and in Box 1, Section 4 of the SER. 1. 2368

2. Look up full-time scheduled award using the Student Eligibility Index and Cost of Attendance. Enter on line 2 and Box 3 Section 4 of the SER. 2. 1188

3. Look up expected disbursement from appropriate part-time Disbursement Schedule, using the Student Eligibility Index and Cost of Attendance.

   If student expects to attend for a full academic year, enter this amount on line 3 and in Box 4, Section 4 of the SER.

   If the student expects to enroll for less than a full academic year, the expected disbursement must be prorated as follows:

   a. Divide number of terms student expects to enroll by number of terms in academic year. (For a student entering second semester, this fraction = ½.)

   b. Multiply expected disbursement by fraction established in (a) of this step. Enter on line 3. Also enter in Box 4, Section 4 of the SER. 3. 594

4. Determine amount per payment. Divide line 3 by number of payments scheduled for the academic year. 4. 297

Worksheet C

COMPUTATION OF AWARDS AT CLOCK HOUR SCHOOLS

Name: CASE 4

Date: 8-1-78

Student Eligibility Index: 125

Total Length of Program in hours: 900

Length of academic year in hours: 900

1. Cost of Attendance:
   a. Tuition and fees for academic year — a. 2100
   b. Room — b. 475
   c. Board — c. 625
   d. Books, supplies, and miscellaneous expenses. — d. 400
   TOTAL 3600

   1. 3600

Enter total on line 1 and in Box 1, Section 4 of the SER.

2. Full-time scheduled award. (Enter on line 2 and Box 3, Section 4 of the SER). 2. 1490

3. Disbursement for payment period:
   line 2 × (clock hours in payment period / clock hours in academic year (900 minimum)) = Disbursement for payment period

$$1490 \times \frac{450}{900} = 745$$

Enter disbursement for payment period in line 3. 3. 745

4. Expected disbursement = line 3 × number of payment periods in award period: Enter expected disbursement in Box 4, Section 4 of the SER. 4. 1490

Worksheet C

COMPUTATION OF AWARDS AT CLOCK HOUR SCHOOLS

Name: CASE 5

Date: 10-1-78

Student Eligibility Index: 0

Total Length of Program in hours: 1800

Length of academic year in hours: 900

1. Cost of Attendance:
   a. Tuition and fees for academic year a. 1100
   b. Room b. 475
   c. Board c. 625
   d. Books, supplies, and miscellaneous expenses. d. 400
   TOTAL 2600

   1. 2600

Enter total on line 1 and in Box 1, Section 4 of the SER.

2. Full-time scheduled award. (Enter on line 2 and Box 3, Section 4 of the SER). 2. 1312

3. Disbursement for payment period:
   line 2 × (clock hours in payment period / clock hours in academic year (900 minimum)) = Disbursement for payment period

$$\$1312 \times \frac{450}{900} = \$656$$

Enter disbursement for payment period in line 3. 3. 656

4. Expected disbursement = line 3 × number of payment periods in award period: Enter expected disbursement in Box 4, Section 4 of the SER. 4. 1312

Worksheet C

COMPUTATION OF AWARDS AT CLOCK HOUR SCHOOLS

Name: CASE 5-A

Date: 3-15-79

Student Eligibility Index: 0

Total Length of Program in hours: 1800

Length of academic year in hours: 900

1. Cost of Attendance:
   a. Tuition and fees for academic year — a. 1100
   b. Room — b. 475
   c. Board — c. 625
   d. Books, supplies, and miscellaneous expenses. — d. 400
   TOTAL 2600

   1. 2600

Enter total on line 1 and in Box 1, Section 4 of the SER.

2. Full-time scheduled award. (Enter on line 2 and Box 3, Section 4 of the SER). 2. 1312

3. Disbursement for payment period:
   line 2 × (clock hours in payment period / clock hours in academic year (900 minimum)) = Disbursement for payment period

$$1312 \times \frac{350}{900} = 510$$

Enter disbursement for payment period in line 3. 3. 510

4. Expected disbursement = line 3 × number of payment periods in award period: Enter expected disbursement in Box 4, Section 4 of the SER. 4. _____

Worksheet C

COMPUTATION OF AWARDS AT CLOCK HOUR SCHOOLS

Name: CASE 6

Date: 5-15-78

Student Eligibility Index: 400

Total Length of Program in hours: 600

Length of academic year in hours: 600

1. Cost of Attendance:
   a. Tuition and fees for academic year — a. 1000
   b. Room — b. 475
   c. Board — c. 625
   d. Books, supplies, and miscellaneous expenses. — d. 400
   TOTAL 2500

   1. 2500

   Enter total on line 1 and in Box 1, Section 4 of the SER.

2. Full-time scheduled award. (Enter on line 2 and Box 3, Section 4 of the SER). 2. 1262

3. Disbursement for payment period:
   line 2 × (clock hours in payment period / clock hours in academic year (900 minimum)) = Disbursement for payment period

$$1262 \times \frac{200}{900} = 280$$

   Enter disbursement for payment period in line 3. 3. 280

4. Expected disbursement = line 3 × number of payment periods in award period: Enter expected disbursement in Box 4, Section 4 of the SER. 4. 280

Section C: Payment of Basic Grant Awards

I. Eligibility for Payment

A. Eligible Student

A student is eligible to receive a Basic Grant if he or she:

1. Is accepted for enrollment or is enrolled in good standing as at least a half-time undergraduate student at an eligible institution of higher education;
2. Is enrolled in an eligible program as a regular student (a regular student is one who enrolls for the purpose of obtaining a degree or certificate);
3. Is maintaining satisfactory progress in his/her course of study;
4. Is not in default on any National Direct Student Loan made by that institution or on any Guaranteed Student Loan received for attendance at that institution;
5. Does not owe a refund on a Basic Grant, a Supplemental Grant or a State Student Incentive Grant received for attendance at that institution; and
6. Is a U.S. citizen, national or permanent resident of the United States, a citizen of the Northern Mariana Islands, a permanent resident of the Trust Territory of the Pacific Islands, or is in this country for other than a temporary purpose. Students who are in this country on F1 or F2 student visas are, by definition, in this country for a temporary purpose, and therefore are not eligible. The definitions of "other than a temporary purpose" are given below:

   Non-citizens with permanent resident status in the U.S. will hold either form I-151 or form I-551, which are "Alien Registration Receipt Cards." These students are eligible.

   According to the Immigration and Naturalization Service, (INS) an alien who wishes to apply for Permanent Resident Status must meet one of four requirements:

   1) He or she must be married to a citizen.
   2) He or she must be married to a Lawful Permanent Resident.
   3) He or she must be a close relative of a citizen or permanent resident.
   4) He or she must have a definite job offer.

Approximately three months after a non-immigrant applies for permanent resident status, an approval notice is sent from the Immigration and Naturalization Service stating whether or not he or she has been found to meet one of the four requirements. Non-immigrants are considered to be in the U.S. for more than a temporary purpose and intending to become a permanent resident *only* if they can furnish an approval notice stating that they meet one of the above four conditions.

Either the I-171 or the I-464 is an appropriate approval notice to apply for permanent residence. Because of new INS procedures, the I-171 or I-464 may not be provided. In these cases, the applicant should have INS endorse his or her I-94 (Arrival-Departure Form), indicating "employment authorized" and "adjustment applicant." This endorsement fulfills the same requirement as an approval notice.

Refugees or immigrants who are admitted to the United States for humanitarian reasons are eligible for Federal student financial aid. In these cases, the applicant's I-94 must be endorsed "Conditional entrant status" or "indefinite parole." Southeast Asian refugees who were admitted to the United States since 1975 are therefore eligible. In addition, applicants who have been granted asylum and have been given voluntary departure for a period of one year are eligible.

B. Valid Student Eligibility Report

A valid SER is a complete set of 3 copies on which an eligibility index is calculated, based on data which is correct. Therefore, if a student submits an SER to the school which is based on erroneous information or incorrect assumptions, that SER is *not* a valid one.

A student may be paid retroactively for any portion of eligible enrollment at an institution during the award period if he or she submits an SER to that institution no later than May 31 and is eligible for payment at the time the SER is submitted.

Deadline Dates

Any student whose first enrollment at an institution during an award period is on or after May 1 may submit the SER no later than June 30 and receive payment for that enrollment. However, if the student was enrolled at the institution any time before May 1 of the award period, the May 31 deadline must be met.

Please note, however, that the student must submit the valid SER while he/she is still enrolled and eligible for payments. A student who withdraws during the year is not entitled to any payment unless a valid SER was submitted to the financial aid office prior to withdrawal.

Institutions can assist students in meeting this requirement in a number of ways.

The first is, of course, to encourage all potentially eligible students to apply for a Basic Grant. Many institutions require all applicants for financial aid to sub-

mit an SER prior to making any awards for other kinds of aid. Also, regulations governing the three campus-based Federal programs require that the student's eligibility for a Basic Grant be taken into consideration in awarding aid under those programs, whether or not the student has applied for the grant.

Another way schools can assist students is through the effective use of the monthly applicant roster. These rosters are automatically generated by the application processing contractor and sent to all eligible post-secondary schools. Included on the rosters are the names of all applicants who indicated that they were expecting to attend a particular school, the applicants' birthdates, social security numbers, addresses and the status of their most recent application records.

Institutional financial aid officers should carefully review these rosters to determine that SER's have been submitted by those students who are eligible and are strongly encouraged to advise those students whose applications are incomplete that they must make the necessary corrections or provide the information required to calculate their eligibility index. While it is the student's responsibility to make sure a valid SER is submitted to the institution, financial aid officers are encouraged to do all they can to help students fulfill this requirement.

A facsimile of the monthly applicant roster is included in Appendix B (2nd Appendix).

C. Enrollment in an Eligible Program on at Least a Half-Time Basis

A student is considered to be "enrolled" when (s)he has completed all formal registration requirements.

An Eligible program is one which:

1. Admits as regular students only persons who-
   i. Have a certificate of graduation from a secondary school, or who
   ii. Have the recognized equivalent of a high school diploma such as a General Education Development (GED) Certificate, or
   iii. Are beyond the age of compulsory school attendance in the State in which the institution is located, and may benefit from the education or training offered.
2. Leads to a bachelor, associate or undergraduate professional degree,
3. Is acceptable for full credit toward a bachelor degree, or
4. Is at least a 1-year program leading to a certificate or degree, which prepares students for gainful employment and leads to a certificate or degree in a recognized ocupation.

At proprietary schools, six month programs are eligible if they meet conditions 1 above, and if they:

1. Lead to a degree or certificate,
2. Prepare students for gainful employment in a recognized occupation, and are
3. At least 16 semester or trimester hours, or 24 quarter hours long, of 600 clock hours long.

II. Regular and Alternate Disbursement Systems

There are two disbursement systems through which a student can be paid a Basic Grant award: the Regular Disbursement System (RDS) and the Alternate Disbursement System (ADS).

The majority of students are paid their Basic Grant awards directly by the schools which participate in the RDS. For those institutions, this Handbook serves as the primary tool for understanding the operation of the Basic Grant program. The Handbook is supplemented by periodic letters sent to institutions throughout the year, and by notices in the BSFA Bulletin.

If an eligible institution decides not to act as a disbursing agent for the Basic Grant Program, it is usually because the school has no financial aid office or such a small enrollment that it cannot or does not wish to act as a disbursing agent. Eligible students enrolled in those institutions receive their awards directly from OE under the ADS. During the 1977-78 academic year approximately 13,500 students at 890 institutions were paid their awards in this way. To receive direct payment, the student, with the assistance of his or her institution, must submit a special form. This form, "Request for Payment of BEOG Awards" (OE Form 304), collects information on the student's enrollment status and cost of attendance. Once this form is received, the student's award is calculated using the same process utilized by institutions participating in the RDS and payment is made directly to the student. Under no circumstances can payment of a student at an ADS school be sent directly to the school.

Although the ADS provides an alternative for many schools which might otherwise be unable to pay Basic Grants to their students, there are disadvantages to this system. First of all, the ADS contains an extra step for the student and payment through this system takes longer than payment through the Regular Disbursement System.

Also, the fact that payment is sent directly to the student makes it difficult for the school to coordinate the Basic Grant with other sources of financial aid.

All ADS schools annually receive a special manual that provides them with complete information on how this system works. Any questions regarding ADS should be directly to the ADS unit in the Program Operations Division of the Bureau of Student Financial Assistance.

III. Methods of Payment

In order to facilitate the institutional role in the disbursement of Basic Grant awards to students, the institution is free to use its own system for making student assistance payments with the following provisions:

A) Those institutions which have academic terms such as semesters, trimesters, quarters or other similar definable breaks in their academic year, must make equal payments at least once at the beginning of each term. It should be noted that "equal payments" may be rounded in order to avoid making awards of odd amounts. For instance, a student whose "Expected Disbursement" is $435 may receive payments of $218 and $217. Further, if an institution makes multiple disbursements during an academic term or payment period, the individual payments within the term do not necessarily have to be in equal amounts. However, the total disbursements for each academic term or payment period must be equally divided.

B) Institutions which do not use such academic terms must have not less than two payment periods per award period.

As noted in the "Highlights" section on p. 4-1, the term "payment period" has been redefined for clock hour schools. The new definition keys it to work done, not to time which has passed. Thus, the school would determine the number of clock hours the student can be expected to complete during the academic year. The second payment period would not begin until the student finished the stipulated number of hours in the first payment period. Students who finish early get their second disbursement early; students who finish late get their second disbursement late. A student may be paid either by check or by crediting the account he/she has at the school.

For each payment period, an institution may pay a student at such times and in such installments as it determines will best meet the student's needs.

Only one payment is required if a portion of an academic year occurring within one award period is less than three months.

Funds due a student for any completed period may be paid in one lump sum.

The student's enrollment status will be determined according to work already completed.

IV. Special Payment Circumstances

A. Transfer Students

Students who transfer to an eligible institution during an award period will need to submit a duplicate SER to the new school. Upon receipt of the SER, the institution will calculate the amount of the student's award in the same manner as for any other Basic Grant recipient. This award may have to be adjusted if the aid officer knows that by receiving the full amount, the student would exceed his or her entitlement.

It is important to note that it is not required for the second school to obtain any information or documentation from the first school with regard to any disbursements of funds made to transfer students. However, students must repay any amount they receive which exceeds their entitlement for an award period.

B. Consortium Agreements

A student may not receive Basic Grant payments concurrently from more than one institution. This is true even if the student is part-time at each institution. The only situation in which a student can receive payment for courses taken concurrently at more than one institution is where the institutions have a written consortium agreement. A consortium agreement can be a blanket agreement between two schools, or it can be written for a specific case involving a specific student.

Students would receive payment for the total number of hours taken at the parent school and the consortium school(s). The total award must be disbursed through the institution from which the student is receiving a degree.

The definition of an eligible program specifies that such a program must be offered by an eligible institution of postsecondary education. There are some institutions of higher education and, on occasion, non-eligible institutions such as State agencies, which sponsor educational programs to be offered by another institution under contractual arrangement.

Generally, for the Basic Grant Program, all schools involved in such an arrangement would have to be eligible. However, if no more than 25% of a student's total course load is taken at an ineligible school, and the major and substantive portion is taken at the eligible institution, the student may still receive a Basic Grant.

For example: If a student who is enrolled in an eligible institution takes a course in art appreciation at a museum (an ineligible institution), he or she is considered to take the major part of his course at the eligible school and would therefore be eligible to receive Basic Grant assistance. If on the other hand, students receive most of their credits at the ineligible school they would not be considered eligible to receive Basic Grant assistance.

C. Visiting Students

In order to be eligible to receive a Basic Grant, a student must be enrolled in a program leading to a degree or certificate. Therefore, a student who is actually enrolled in a degree-granting program at one institution but is taking a semester at another institution cannot be paid a Basic Grant award by the institution which he/she is "visiting". Only the institution at which the student is enrolled toward a degree or certificate may disburse the Basic Grant award.

If there is a consortium agreement between the institutions, the degree granting institution may pay a student taking a term at another eligible institution.

It should be noted, however that when the parent institution calculates the student's cost of attendance, the tuition, fees, room and board costs at the consortium school would be used. The only exception to this occurs when the consortium school is a foreign institution. Then the parent school uses its own tuition, fees, room and board costs in calculating the cost of attendance.

D. Payment to Students Who Have Completed a Program

If an institution experiences a delay in the receipt of funds, it is possible that some students may complete their program and/or academic year prior to their receiving final Basic Grant awards. All eligible students who have submitted valid Student Eligibility Reports to the financial aid office prior to the completion of their program must be paid, even if the academic year ended prior to receipt of funds. There would be no violation of regulations, inasmuch as the student met all the requirements for payment.

E. Four-Year Limitation on Basic Grant Eligibility

The legislation for the Basic Grant Program states that students are generally limited to receiving four years of Basic Grant awards. However, students may be eligible to apply for a fifth year of Basic Grant assistance if they meet either of the following two conditions: (a) the student's program of study was designed by the institution to lead to a first undergraduate degree and to be five years in length; or (b) the institution required enrollment in a remedial course of study which meant the student was not able to complete the regular program in four academic years. If a student has not received a full year's Basic Grant award in each of four academic years or meets either of the above conditions, he or she is still eligible to apply for and receive Basic Grant assistance in the 1978-79 academic year.

If, as a result of taking remedial courses, the student must take from one to twelve credits in the fifth year, he or she has a term's worth of fifth-year eligibility. If the student must take more than twelve credits, he or she has two terms worth of eligibility.

Of course, the half-time rule still applies. Thus, a student with three credits to complete would have to take at least a three-credit elective in order to be eligible to receive payment.

F. Refund and Repayment

If a student receives a Basic Grant (either directly or by credit to the account) and terminates his or her education, the Basic Grant may be subject to the refund policy. When a Federal financial aid recipient terminates his or her education and is due a refund from the institution, a portion of the refund must be returned to the account of appropriate Federal financial aid programs. The purpose of Basic Grants policy regarding refunds is to determine what portion of the institutional refund is to be restored to the Basic Grant account when a student withdraws from the school.

When the student has received an overpayment due either to institutional error or to errors in information shown on the SER, the student must repay the entire amount of the overpayment. The same procedures are used to collect all types of repayments. Procedures for collecting repayments are discussed in Section H.

1. Refund

All institutions are required to reduce to writing their policy regarding refunds to students who withdraw or fail to pursue their course of study. When the institution determines that the student is due a refund, the amount of that refund which is to be restored to the Basic Grant account must be computed.

Since every institution's refund policy is different and since the result of any refund formula may depend upon the institution's financial aid disbursement procedures and the composition of the student's financial aid package, there has been some controversy regarding the development of a concise formula for attribution of refunds to various aid sources which can be applied consistently to all students. Regulations regarding refunds are currently being developed which will take into account the relationship among the various elements in the student's financial aid package and will ensure that students whose total institutional charges are met through financial aid are not given cash refunds. (See FEDERAL REGISTER, August 10, 1978)

However, in the interim, the Basic Grant policy is that if a Basic Grant recipient is due a refund, a portion of that refund must be restored to the Basic Grant account. That portion should be in the same ratio to the total amount of the refund as the disbursed Basic Grant is to the cost of education for the remainder of

the payment period. The amount to be restored to the Basic Grant account can be obtained by using the following formula:

Student refund to BEOG account	x	Disbursed BEOG / Cost of Attendance	=	Refund to BEOG Account

For example: A student with a zero index enrolls full-time at a school where the tuition and fees are $1,300 per year ($650 per semester). The student lives at home, so the standard room, board, book, supply and miscellaneous expense allowances of $1,500 per year ($750 per semester) would be used to arrive at a cost of attendance of $2,800 per year ($1,400 per semester). He is therefore entitled to a Basic Grant award of $706 per semester.

At the beginning of the first semester, $650 is credited to his account at the school, and he receives a check for a balance of $56. Shortly afterward, he withdraws and is entitled to a 40% refund of his $650 tuition, or $206.

Using these figures in the formula above, the amount to be restored to the Basic Grant account would be computed as follows:

$$\frac{x}{260} \times \frac{1400}{706} = 131.11$$

Bear in mind that the student has signed an affidavit stating that all Basic Grant funds will be used for educational expenses, so no additional cash payments should be made to a student who withdraws.

2. Repayment

Because Basic Grant funds must be used solely for educational purposes, if the student receives a cash disbursement and then withdraws from school after the refund period he or she may have to repay some of the cash disbursement. The school must determine what portion of the Basic Grant disbursement can be attributed to the student's cost of attendance and return the rest to the Basic Grant account.

If student has received financial aid from several Federal sources, the amounts to be returned to each account should be proportionately equal. (See FEDERAL REGISTER, August 10, 1978)

G. Responsibility of the Institution in Making Payments of Basic Grant Awards

1. Packaging of Basic Grants with Other Financial Aid Resources

The amount of a student's Basic Grant may never be adjusted to take other financial aid into account. We are aware that there are some circumstances in which students may receive Basic Grants in addition to scholarships or grants over which the financial aid office has no control. Although the student may be overawarded in this situation, the entitlement concept behind the Basic Grant program prohibits adjusting the Basic Grant award.

Where the financial aid is administered and controlled by the school, it is the financial aid officer's responsibility to make any necessary adjustments in the other aid awarded to the student to avoid overawarding.

In making these adjustments there are a number of points to be considered.

Generally, the only time when such adjustments in other financial aid awards are necessary is when the total financial aid resources exceed the student's total need as computed by the school.

If the student's aid package includes a loan, and the package must be adjusted to avoid an overaward, his or her Basic Grant may not be used to pay back the loan, since the use of Basic Grant funds for that purpose does not constitute an educational expense. Therefore, even if a student is willing to authorize the application of his or her Basic Grant to repay the loan, it is not permissible. Rather, the amount of the loan itself should be reduced.

Further information on overawarding can be found in Chapter 4 of this Handbook.

2. Overpayment of a Basic Grant Award

An overpayment is any amount paid to a student which is in excess of what that student is entitled to receive. A payment of a Basic Grant award to an ineligible student is one type of overpayment. Another type of overpayment is a Basic Grant award which is taken incorrectly from the Payment Schedule.

Unless the institution has direct knowledge to the contrary, it is entitled to rely on information provided by the student in making a finding on student eligibility. If the institution does have knowledge that the student has submitted incorrect information to them and may have received an overpayment, it should follow the validation procedures outlined in Section C of this Chapter.

While it is expected that the institution will make every reasonable effort assist the Commissioner in recovering any overpayment which may occur, the institution will assume no responsibility for any non-recovered funds *unless* the overpayment was made in a manner contradictory to the regulations and other instructions issued by the Commissioner.

H. Collection of Overpayments

The procedures for the collection of overpayments are designed to complement the validation pro-

cedures. Any case involving the overpayment of Basic Grant funds, with the exception of cases in which overpayments were made as a result of institutional error, will be handled under this collection effort.

Under current regulations, institutions may but are not required to recover overpayments of Basic Grant awards. The regulations state that an institution is not liable for any overpayments which are not recovered, unless the overpayments were made as a result of institutional error. For purposes of this collection effort, if the institution has established that an overpayment has been made, it is strongly encouraged to contact the student and request repayment. If an institution can collect, it is urged to do so. It is suggested that a reasonable payment plan be established with the student, or, if appropriate, award adjustments be made for awards that are within the award period. If, as a result of institutional effort, the overpayment is restored, no further action is necessary other than reporting this as a recovery on the Progress Report.

However, in cases where the institution has established a repayment plan and the student does not make payments or discontinues payments before the amount due is paid in full, the case must be referred to the Office of Education for follow-up and resolution. If the institution, after establishing that an overpayment has been made, is unable to contact the student or the student is uncooperative, the institution must report the case to the Office of Education for follow-up and resolution. Upon referral of the case the institution is no longer liable for the overpayment.

In reporting these cases to the Office of Education, the institution should provide the following information:

1. Applicant Information
   Name
   Address
   Social Security Number
   Telephone Number
2. Parent/Spouse Information
   Name
   Address
   Social Security Number
   Telephone Number
3. Student's Expected Disbursement Based on Valid SER
   Amount Disbursed
   Any Repayments to date
   Amount Still Owed
4. Student Eligibility Index
   Student Educational Cost
   Institutional Contact
   Institutional Telephone Number

All cases requiring recovery of overpayments should be reported to the following address:

Basic Grant Program
U.S. Office of Education
P.O. Box 34927
Washington, D.C. 20034

In all cases where overpayments other than those due to institutional error have been established, the insituation *must* withhold payment until the student's financial obligations have been met as described below.

Upon receipt of the above requested information, the following actions will be taken by the Office of Education:

1. All reports will be screened to determine if sufficient information has been provided to initiate collection activity by this office. In certain cases this may involve a follow-up phone call to the financial aid office.
2. Once sufficient information has been obtained, a letter indicating that recovery activities have been initiated by the Office of Education will be sent to the institution.
3. Simultaneously, a letter requesting repayment of all Basic Grant funds to which he/she was not entitled will be sent to the student.
4. Upon final resolution of the case, a letter indicating final resolution and, where appropriate, releasing payment for the remaining payment period(s) will be sent to the institution.

A sample letter identifying an overpayment recovery case follows:

Basic Grant Program
U.S. Office of Education
P.O. Box 34927
Washington, D.C. 20034

Dear Sirs:

In accordance with your recent Dear Colleague letter which described procedures for the recovery of overpayments, we are submitting relevant information about the following student for follow-up by the Office of Education. We have attempted to contact him/her concerning repayment of Basic Grant money for which he/she was ineligible, but have received no (further) payments.

1. Student: Ms. Robin Robinson
   123-B College Street
   University City, U.S. 00101
   SSN 987-65-4321
   Telephone: (999) 000-9999
2. Parents: Mr. and Mrs. Robert Robinson
   245 Miscellaneous Avenue
   Big Apple, U.S. 00110
   SSN 001-00-0100
   Telephone: (888) 111-7777

3. Student Expected Disbursement Based on Valid SER - $1,029
   Amount Disbursed - $765
   Total of Repayments to Date - $0
   Amount Still Owed - $765

4. Student Eligibility Index - 45
   Student Educational Cost - $2,875
   Institutional Contact - John Jones,

Financial Aid Officer
Institutional Telephone Number - (555) 222-2222

If you have any question about this case or require further information, I will be of assistance.
Sincerely,

Section D: Validation

The effectiveness of the Federal student financial aid programs depends, in large part, on the accuracy of data reported by applicants.

For the past three academic years, OE has been centrally validating a small sample of BEOG applications. A number of studies were conducted using the data collected from this effort. A Corrections Analysis Study was also performed to determine the extent to which corrections impact on the students' eligibility and the characteristics of the applicants who submit corrections. Based on the results of these studies, it was determined that the validation procedures needed to be changed.

Therefore, for the 1978-79 academic year the validation effort will be conducted on the institutional level. Approximately 200,000 students (less than 10% of a projected 2.7 million 1978-79 eligible applicants) will be selected for verification of the information reported on their BEOG applications.

Procedures for the validation activity were announced in the Validation Procedures Handbook dated March 15, 1978. Since that time we have received comments on these procedures from the financial aid community and have significantly modified the procedures. The following changes should be recorded in the Validation Procedures Handbook.

A. No Validation of Non-Taxable Income or Veteran's Benefits

The first revision is that students will not be required to supply documents to verify non-taxable income and veteran's benefits as part of the OE validation procedures. The validation of these items will be optional. Institutions are, of course, encouraged to request these documents when appropriate, and may, as with all optional data elements, withhold payment until the validation is completed. However, this procedure must be applied consistently — that is, if an institution chooses to validate any optional data item on an SER, and withhold payment from the student, payment must be withheld from all students for whom they choose to validate optional data items. Of course, any time the institution has discovered a discrepancy between the SER and other financial aid documents, the institution must withhold payment until the discrepancy is resolved.

The validation form as printed in the Handbook will be revised to delete these data elements and will be distributed as soon as printed. This form does not have to be used if similar documentation is available which verifies the information on the SER on which payment was disbursed. All documents must be maintained in the student's file for audit and program review purposes. The required and optional data elements are listed below:

Required Data Element	*Document to Verify*
Adjusted Gross Income	Federal Income Tax Return Form 1040 or 1040A or Puerto Rican Tax Form
Federal Income Taxes Paid	Federal Income Tax Return Form 1040 or 1040A or Puerto Rican Tax Return
Household Size No. in Post-High Dependency Status	Validation Form or other similar document
Optional Data Element	*Document to Verify*
Non-taxable Income	Statements from the administering agency
Verteran's Benefits	Statement from Veteran's Administration or VA Cycle Report
Medical/Dental Expenses Casualty/Theft Losses	Federal Income Tax Return Form 1040 or 1040A or Puerto Rican Tax Return
Applicant's/Parent's Savings	Bank Statements

2. Optional Institutional Award Calculations

The second revision involves the tolerance levels, and is outlined in detail below.

A. Discrepancy of $50 or less:

If there is a discrepancy of $50 or less between the documentation and the SER, the institution will disburse payment based on that Eligibility Index and the student will not be required to correct the SER.

B. Discrepancy of more than $50 and award will not differ by more than $100:

If there is a discrepancy of more than $50 between the documentation and the SER, the student must correct the SER. However, the institution may at its option, perform the following steps and disburse payment to the student.

- recalculate preliminary Eligibility Index based on the verified information.
- determine award amounts from payment schedule based on Eligibility Index.

If award amounts differ by $100 or less, and the student is otherwise eligible:

- disburse first payment based on preliminary Eligibility Index.
- instruct student (and parent) to correct SER to validated amounts, foward to Basic Grant processor in Iowa City, receive reprocessed SER, and submit to financial aid officer.
- receive reprocessed SER and recalculate award.
- adjust second award, if necessary.

If the student does not present a reprocessed SER within the academic year or 90 days thereafter, the institution will not be liable if (1) the second payment was not disbursed, and (2) the preliminary Eligibility Index was calculated correctly. (If the Eligibility Index was calcualted incorrectly but the correct calculation is within $100 of the old award amount, no institutional liability will be assessed.) The student who does not present a reprocessed SER within the academic year or 90 days thereafter, will be liable to the Government for the full amount disbursed. In this case, if the institution erred in its calculation then the institution will be liable for only the amount of the disbursement which was over-awarded to the student because the eligibility index was miscalculated. The student will then be held liable for the difference. If the student who received payment based on a preliminary Eligibility Index drops out of school, he/she must present the processed SER no later than 90 days after the end of that term, or repay the entire amount he/she received.

C. Discrepancy of more than $50 and award will differ by more than $100-

If the award amounts differ by more than $100, *no* payment may be disbursed until the applicant presents a processed SER (which agrees with the validated amounts).

Institutions may do a preliminary Eligibility Index recalculation to determine whether they may disburse payment to students who fall into Category B. However, in order to ensure consistency of treatment, if an institution chooses to exercise this option they must exercise it for all students being validated.

If the institution does not choose to exercise the $100 award tolerance and there is a discrepancy greater than $50, the applicant must present a processed SER (which agrees with the validated amounts) before any payment for 1978-79 may be disbursed.

3. Certification of Independent Status

We are all concerned about the potential for students misreporting their dependency status on their Basic Grant applications. Obviously, we would like the request for parental certification to be as strong as possible to foster heightened awareness by applicants of the need to accurately report their status and to correct cases of misreporting. Of course, any time that an independent applicant requests information regarding parental certification, or is not able to obtain a parental signature, you should notify the applicant that the award cannot be withheld if all other validation requirements have been met.

Section E: Institutional Reporting and Fiscal Operations

I. Overview

The following table represents the major steps in the total system for allocating Basic Grant funds to participating institutions, monitoring their disbursements to students, and providing reporting information for the program. The first two steps will generally occur only once for each institution, while the steps that follow will occur during each year of the program.

Steps	*How Often*
1. Establish Eligibility	One time only
2. Sign and return terms of Agreement	One time only
3. Receive Initial Authorization	Annually
4. Request funds from DFAFS	Monthly, or as Needed
5. Submit October Progress Report	Annually
6. Receive revised Authorization Ceiling	Annually
7. Request funds from DFAFS	Monthly or as Needed
8. Submit February Progress Report	Annually
9. Receive revised Authorization Ceiling	Annually
10. Request funds from DFAFS	Monthly or as Needed
11. Submit June Progress Report	Annually
12. Receive Final Authorization	Annually
13. Receive Student Validation Roster	Annually
14. Submit Validated Student Roster	Annually

II. Funding Process

A. Eligibility

Eligibility for the Basic Grant Program is based on legislatively prescribed criteria. The determination of the eligibility of individual institutions for Basic grants is established through the Division of Eligibility and Agency Evaluation (DEAE) in the Bureau of Higher and Continuing Education, U.S. Office of Education. If an institution becomes eligible during an award period, an eligible student enrolled and attending that institution will be eligible to receive a Basic Grant for the payment period during which the institution became eligible and for any subsequent payment period.

If an institution loses its eligibility for any reason while in the program, eligibility must be reestablished

through that Division.

If an institution becomes ineligible during an award period, an eligible student who is enrolled and attending that institution will be paid a Basic Grant for only the payment period in which the institution became ineligible. In addition, an eligible student, who has received a Basic Grant or to whom a commitment has been made before the effective date of termination of the institution's eligibility, will be paid a Basic Grant for the payment period in which the institution became ineligible.

A commitment of a Basic Grant to a student is made when a student, who is enrolled in and attending an institution, submits a valid Student Eligibility Report to the institution, or to the Commissioner if the institution participates in the program under the Alternate Disbursement System.

B. Terms of Agreement

The Terms of Agreement between the institution and the Office of Education establishes the institution's participation in the Basic Grant Program. Once the Agreement has been signed and a copy returned to Basic Grants, an authorization ceiling will be established and that institution will be authorized to disburse funds to its Basic Grant recipients. The institution is required to operate under the conditions of the Terms of Agreement as established and signed. If any change in the terms is necessary, the previous agreement is void and a new Agreement, with concurrence of all relevant branches or institutions, must be signed.

When the institution changes ownership, the previous terms of agreement is void and the institution's eligibility must be reconfirmed by the Division of Eligibility and Agency Evaluation (DEAE) and no further Basic Grant Awards may be made by the institution until:

1. The institution's eligibility has been reconfirmed by DEAE, based upon a statement from the new owner assuming responsibility for all Basic Grant funds previously awarded to the institution.
2. A Terms of Agreement has been signed by the new owner.
3. An audit of the institution's Basic Grant accounts has been performed.

After all of these steps have been taken and the results have been approved the new owner will receive written authorization to make Basic Grant awards.

C. Authorization Ceiling

At the beginning of each award period, each institution that has a valid signed Agreement on file with the Office of Education will receive an initial authorization ceiling against which that institution can draw funds for the award period. The initial ceiling level will be an estimate of the funds required to make payments to students for the *first* scheduled student payment and is automatically generated by Basic Grants by means of a formula. The authorization ceiling will be revised by means of the Progress Report, which is scheduled to be submitted to the Office of Education by the institution three times during the award period. The Progress Report will make possible the required adjustments in the institution's ceiling by reporting information concerning actual expenditures to date and estimated expenditures for the remainder of the year. It is important to note that participating institutions will receive *all* of the funds necessary to make awards to the eligible students enrolled in their school who have submitted valid Student Eligibility Reports.

D. NIH/DFAFS Payment Procedures

1. Overview

The payment of funds to individual institutions will be accomplished by means of the Departmental Federal Assistance Financing System (DFAFS) of the National Institutes of Health (NIH). Procedures and requirements of the DFAFS will be provided to institutions by NIH.

The first step in receiving funds is the institutional receipt of an official Authorization Letter from the Office of Education. This letter will provide an authorization ceiling for purposes of the Basic Educational Opportunity Grant Program. A copy of the transaction will be sent to the Office of Financial Management, DFAFS, to serve as the final ceiling against which the institution will be able to draw funds. DFAFS will utilize one of two methods for providing Basic Grant funds to an institution: the Letter of Credit or Cash Request System.

2. Letter of Credit System

The Letter of Credit method allows the institution to draw funds, up to the ceiling amount, from the Federal Reserve System through a local commercial or Federal Reserve Bank. This procedure is established through a special arrangement with DFAFS.

3. Cash Request System

The Cash Request System, which is the procedure normally used, permits the institution to draw funds, up to the ceiling amount, on a monthly basis. Institutions using this procedure submit a Grantee's Monthly Cash Request form to DFAFS for funds to cover estimated cash expenditures. Upon receipt of this form, DFAFS will schedule a payment (U.S. Treasury Check) to reach the institution during the first week of

the month for which cash is requested. Each calendar quarter, the institution submits a Grantee Quarterly Report of Expenditures and a Cash Reconciliation Statement to DFAFS indicating total funds expended during the quarter and the cash balance on hand.

4. Effective Operation of DFAFS

In order for DFAFS to effectively meet institutional requests for funds, several points should be made:

a. Funds may be requested only *after* the institution has received an Official Authorization Letter, and then only to meet *current* disbursements.

b. *Institutions must request funds* needed for payments to students; *DFAFS will not make advances* of funds *automatically*.

c. Monthly requests for cash will be for the sum total of cash needed for the month for all grants and programs that are administered under the DFAFS, and not only for the Basic Grant Program.

d. The amount of each cash request must not exceed the net amount of the combined grant authorization remaining after deduction of all previous monthly checks received by the institution.

If these procedures are not followed, the institution's request for funds will be significantly delayed. Any questions regarding payment of funds through DFAFS should be directed to:

Federal Assistance Financing Branch
5600 Fisher Lane
c/o Rockwall Bldg.
Room 833
Rockville, Maryland 20857
Tel: (301) 443-1200

NOTE: Additional copies of the Monthly Cash Request form should be requested directly from DFAFS

III. Reporting Process

A. *Progress Report*

The Progress Report is the mechanism through which the initial Basic Grant Ceiling authorization may be adjusted during the year. It will allow for adjustments that would reflect the actual as well as expected demand for funds at a particular institution. The Progress Report is scheduled to be submitted three times during the year, reflecting activity as of October 31, February 28, and June 30. The Reports are scheduled to be submitted within 15 days after the end of each reporting period.

There may be times when an institution will need to adjust its authorization amount between scheduled reporting dates. This would occur when the institution does not have sufficient monies to meet the demands for Basic Grant funds and cannot wait until the next scheduled reporting date for an authorization adjustment. In these situations, the institution may submit an Ad Hoc Progress Report. Before submitting an Ad Hoc Report, there are several things which should be kept in mind.

First, *if it is within 30 days of the next scheduled reporting date, the regular Progress Report should simply be submitted early.* If it is more than 30 days before the next reporting date, the institution should be sure to indicate that it is an Ad Hoc Report. Secondly, unless an Ad Hoc Report is submitted prior to October 31, it should reflect actual expenditures to date and estimated demand to October 31. Finally, in submitting an Ad Hoc Report, the institution must comply with all of the procedures outlined below for submission of Progress Report.

Each Progress Report should reflect the best estimate of additional funds needed for current and additional recipients for the remainder of the academic year, as well as actual expenditures to date for current recipients. An over-estimate could be found to be an unreasonable request based on information available to Basic Grants. Unreasonable requests will significantly delay authorizing ceiling adjustments. With *each* Progress Report, the Student Eligibility Reports (SER's) received to that date must be *submitted*. Reporting errors will cause the entire Progress Report to be in error or generate an assumption on the part of the Office of Education based on information available to the Basic Grant Program. Either condition will significantly delay the institution's request for an adjustment in the authorization ceiling.

While there are comprehensive instructions accompanying the Progress Report forms, there are several items which may require special attention. We have explained each of these special items below. We also have indicated those items which are considered error condition items, assumption condition items or unreasonable condition items. An error condition item is one which *must* be correct, or the Report cannot be processed. Reports with an error in these items will be put on an error file, and the institution will be contacted to correct the item. Processing will be delayed until the error is corrected. An assumption condition item is one about which an assumption will be made in processing. For example, if an error in addition or subtraction is made, the correct sum will be assumed rather than the incorrect amount entered on the Report. This type of error results in a slight delay in processing the Progress Report. An unreasonable condition is one where entries which are not within certain limits cannot be accepted. Processing will not continue until discrepancies in amounts reported in unreasonable condition items are resolved.

Many of the assumption condition items are ones for which information is already available in our data

bank. Therefore, we are preprinting some of the items on the Progress Report before the forms are mailed to the schools. Some of the items which may be preprinted include the BEOG ID Number, the EIN number, the institution's name and address, all information in Section II (this will not be preprinted on the first Progress Report for each academic year), the current OE authorization and the number of SER's submitted to date. *If any of the pre-printed information is incorrect*, the institution should simply make corrections when the next Report is submitted by drawing a line through the incorrect information and writing the correct information above it.

Section I

Items 1 and 2, BEOG ID No. and EIN No., are preprinted and should be changed only if the institution believes them to be incorrect. Correct by penciling a line through the incorrect item and inserting the new number near it (error condition item).

Item 3: REPORT FOR: Check only on : box (error condition item).

Item 4: INSTITUTION NAME AND ADDRESS: Institutions should be sure to check the box and insert the correct name and address if it differs from the pre-printed name and address. (An institution which has moved or changed its name must reconfirm its eligibility through DEAE).

Items 5, 6, and 7: OFFICIAL RESPONSIBLE FOR THIS PROGRESS REPORT: If these items are illegible, the Report will be returned.

Item 10: SIGNATURE: If the report is not signed, it will not be processed.

Section II

The institution should check and correct the information in this section, if necessary, by penciling a line through the incorrect information and inserting the correct information near it.

Section III

Item 19: GROSS EXPENDITURES: Enter the cumulative amount of Basic Grant Funds paid out or credited to student accounts for the current academic year. If the initial authorization is not sufficient to pay students who have already submitted SER's, the institution should contact the Disbursement unit of the Funding and Disbursement Branch of the Branch of the Basic Grant Office of Washington (error condition item).

NOTE: Enter dollars only. *DO NOT show cents.*

Item 20: LESS RECOVERIES: Enter the total amount of funds recovered from Basic Grant recipients to the date of the Report. Such recoveries would include funds restored to the Basic Grant account at the institution for (1) student withdrawals or terminations which result in credits to the Basic Grant account or (2) overpayments restored by the institution (error condition item).

NOTE: Enter dollars only. *DO NOT show cents.*

Item 22: AMOUNT FOR PRESENT RECIPIENTS: Enter total funds necessary, less those already expended, to make additional payments to student recipients currently enrolled and receiving Basic Grant funds at the institution for remainder of the academic year (unreasonable condition item).

Item 23: AMOUNT FOR ADDITIONAL RECIPIENTS: This estimate should reflect as accurately as possible the number of additional students, not accounted for in item 19, expected to qualify for Basic Grant assistance for the academic year, and the amount of funds necessary to cover these students. It should be kept in mind in making this estimate that in many cases these students may not be enrolled for a full academic year (unreasonable conditon item).

NOTE: Enter dollars only. *DO NOT show cents.*

Item 24: TOTAL ESTIMATED EXPENDITURES: Enter the total of 21A + 22A + 23A (assumption condition item.) Enter total recipients. This will be one of the key items in determining the institution's need for additional Basic Grant Funds.

NOTE: Enter dollars only. *DO NOT show cents.*

Item 25: CURRENT OE APPROVED AUTHORIZATION: If the preprinted information differs from the institution's information, place a penciled line through the incorrect figure and put the correct information just to the left of the item.

NOTE: Enter dollars only · *DO NOT show cents.*

Item 26: AUTHORIZATION ADJUSTMENT: Subtract information on line 25 from line 24 and enter the result. Circle + or - to indicate whether this amount is an increase or decrease in the current authorization amount.

Item 27: NUMBER OF STUDENT ELIGIBILITY REPORTS PREVIOUSLY SUBMITTED: Enter the total number SER's submitted prior to this Report.

Item 28: NUMBER OF STUDENT ELIGIBILITY REPORTS SUBMITTED WITH THIS REPORT: Enter the number of SER's submitted with this Report.

Item 29: TOTAL NUMBER OF STUDENT ELIGIBILITY REPORTS SUBMITTED: Enter the Total number of SER's submitted (previous plus current). This number cannot be less than indicated for Gross Recipients. This number may exceed the number reported for Gross Recipients if corrected SER's have been brought in by students. (error condition item.)

For further information, see the copy of the Progress Report and instructions in Appendix B-III.

NOTE: AT THE BEGINNING OF EACH FISCAL YEAR, ALL INSTITUTIONS WILL RECEIVE ONE COPY OF THE PROGRESS REPORT (OE Form 255-3). *AN ADDITIONAL COPY OF THE PROGRESS REPORT WILL BE INCLUDED WITH*

EACH SUBSEQUENT ADJUSTED AUTHORIZATION.

IV. Student Validation Roster

In addition to the Progress Reports, the Office of Education will prepare a Student Validation Roster based on the SER's received from the institutions. This document will be generated after the end of each fiscal year and mailed to each institution that made Basic Grant awards during that fiscal year. Institutions are expected to verify each student recipient's status and the actual amount paid to the student, and to return the roster to the Office of Education. This information, when compared with Progress Report data and actual institutional accounting data, will serve to reconcile each school's Basic Grant account at the end of the year. Both the June 30 Progress Report (BEOG final report of expenditures), which is reconcilable with the Student Validation Roster, and the Final Report of Expenditures to NIH/DFAFS must include the same dollar amount expended for Basic Grants. The Roster also serves to monitor the status of individual student award recipients, including the amount of individual student award recipients, and the amount of the "eligibility" that has been used.

The following instructions should assist the institution in completing the Validation Roster. A sample Validation Roster can be found in Appendix B-II.

Section I

In Section I, one or three lines have been printed for each BEOG award recipient. For purposes of identification, the student name, social security number, date of birth, and transaction number as indicated on the Student Eligibility Report (SER) have been provided. The Roster is prepared in ascending student name order for convenience of file reference. Prior to completing Section I, the Roster Reconciliation Worksheet (Section III) should be reviewed so that all required totals can be accumulated in conjunction with entering the Section I data. A sample worksheet to accumulate these figures is shown in the instruction for Section III.

Single Line Entry

The primary purpose of a single line entry on this report is to obtain the total disbursement of the BEOG funds to each student. To accomplish this, space is provided on the right side of each line for entry of *one* of the three types of validation information. The validation is accomplished by the following:

1) Determine whether the student was enrolled at your institution (i.e., a SER was submitted to USOE by your institution for this student). If you have No record of the student enrolling at your institution, enter "NR" under "Status". Enter the "Expected Disbursement" shown in (A) on your Preliminary Reconciliation Worksheet. No further action is required.

2) If you submitted a SER to USOE for the student, compare the "Expected Disbursement" printed on the Roster to the amount of BEOG funds disbursed.

a) If these two figures are equal, enter a check mark in the small box under the heading "Total Disbursement".

b) If these two figures are not equal, enter the amount of BEOG funds disbursed in the larger box under the "Total Disbursement". Enter the Expected Disbursement shown in (c) and the Total Disbursement entered on your Preliminary Reconciliation Worksheet in (d).

c) If the student withdrew prior to payment of any BEOG funds or refunded *all* BEOG funds received, enter zero in the larger box under the heading "Total Disbursement".

3) Determine if deletions are required for any individual students who *appear more than once on the Roster*.

a) If the social security number, name transaction number, scheduled BEOG award and institution attended are identical, enter "Delete" beside the entry (ies) you wish to have removed from your Roster. Enter the "Expected Disbursement" shown in (B) on the Preliminary Reconciliation Worksheet. Do *not* use the "Delete" designation for students who you have No Record since these students require special processing by USOE and must not be deleted.

b) If funds were paid to the student under more than one SER Transaction number or Eligibility Index, validate each entry on the Roster according to the instructions in (2) above. The sum of the Total Disbursement amount for all entries for one student should not exceed the *highest* Expected Disbursement. Include the number of such multiple entries in the non-duplicate extra record count (F) on the Preliminary Reconciliation Worksheet.

Please exercise one of the options described above to confirm the validation status of each student listed on the Roster.

For each award recipient, we have also provided some of the key data fields from the SER. If, in the process of reviewing that section of the report, you should discover an error in one or more of these fields, please make corrections by crossing out the field in error and entering the correct information above the erroneous data. This is particularly important for students whose Expected Disbursement was recalculated after submission of the SER due to a change in the factors affecting this field. This will assist us in maintaining and reporting accurate information regarding BEOG award recipients.

Three Line Entry

A three line entry on the Validation Roster for an individual student designates those BEOG award recipients for whom discrepancies were detected in the data supplied on the Student Eligibility Report (SER). Because of these inconsistencies, we have made certain assumptions about the data elements found to be in error. These assumptions have been made in an effort to facilitate the correction process.

We realize that some of the assumptions may be due to processing errors as well as errors made in the reporting of data on the SER's. In addition, the assumptions may lead to further erroneous conditions. For this reason, we would appreciate a careful review of each assumption made and submission of corrections when necessary.

The first function to be performed is to validate the total disbursement of BEOG funds to each student. Please follow the validation instructions provided above for the single line entry. When completing the Total Disbursement field, use the Expected Disbursement shown on the second line to determine the appropriate entry. Please be certain to take one of the actions described for each student listed on the Report.

Careful review of each of the assumptions made on the data reported to USOE on the Student Eligibility Report is important.

Section II

Check the appropriate box if you do/do not have any additional SER's to submit with the Validation Roster. If you do, enter the number of SER's you are submitting and the sum of the Total Disbursement from these SER's in the space provided in (E) on your Preliminary Reconcilation Worksheet. After completing Section III, and IV if needed, according to the instructions below, sign the Validation Roster, enter your title, and mail to OE. If the Validation Roster is unsigned, it will be returned to the institution.

Section III

The Roster Reconciliation Worksheet has been designed to assist you in reconciling disbursements to individual students, as reported in Section I, to the summary expenditure and recipient count data reported on your latest Progress Report.

As Section I is completed, the figures indicated on the Preliminary Reconciliation Worksheet should be accumulated. These totals should then be posted to Section III as follows:

1. Add dollar total for (A), (B), (C), and enter sum in III-A line 2.
2. Enter (D) in III-A Line 4.
3. Enter (E) in III-A Line 5.
4. Enter student count in (A) in III-B Line 2A.
5. Enter student count in (B) III-B, Line 2B.
6. Enter student count in (E) in III-B, Line 5.
7. Enter (F) in III-B, Line 7.

Important: If (D) includes a disbursement to any student in excess of the Expected Disbursement as shown, or as corrected, on the Roster, attach a letter explaining how the overpayment(s) occurred and describing any steps being taken to recover the excess awards.

After posting the figures above, follow the instructions on the Roster Reconciliation Worksheet. To facilitate completion of this Section, the calculations for the Total Expected Disbursement and the number of students shown on the Roster are computer-printed for your convenience.

The results of Section III will determine if you need to file a revised June 30 Progress Report to reconcile your account. Should you need assistance in completing the Preliminary Reconciliation worksheet or Section III, contact your area representative. Your cooperation in this important part of the fiscal control requirements of the Basic Grant Program will expedite completion of the processing cycle for this academic year for your institution and permit prompt preparation of your final Authorization Letter and Roster.

Preliminary Reconciliation Worksheet

(A)	(B)	(C)
Expected Disbursement Shown on Roster for NR Students	Expected Disbursement Shown on Roster for Duplicates Being Deleted	Expected Disbursement Shown on Roster for Students Receiving Amounts Other than ED Shown
Total$=	Total$=	Total$=
# of NR's	# of Deletes=	

(D)	(E)	(F)
Total Disbursement for Students Receiving Amt. Other than ED show on Roster	Total Disbursement for Students Not Appearing on Roster	Count of Extra (Non-Duplicate) SER's on Roster
Total$=	Total$=	
	# of Adds=	

SECTION IV INSTRUCTIONS

In the event that a revised June 30 Progress Report is needed in order to reconcile your account, Section IV provides a Progress Report facsimile to allow you to make any changes that were not made when filing your original June 30 Progress Report. Please use the same instructions that were used when completing your Progress Reports.

NOTE: If you have *not* filed a June 30 Progress Report, you should use Section IV to do so at this time.

Progress Report Facsimile

Line 19: *Gross Expenditures*

Report the total amount disbursed to BEOG recipients in (A); report the total number of recipients receiving BEOG funds in (B). The recipient count must be the same as Section IIIB-Line 8, i.e., the num-

ber of *un-duplicated* students on the Roster.

Line 20: *Less Recoveries*

Report the total amount of BEOG funds recovered from recipients in (A). Any student from whom a total recovery (i.e., a zero disbursement in Section I) was received should be included in this count.

Line 21A: *Net Expenditures*

Report the total amount expended for BEOG awards (line 19 minus Line 20). This amount must be the same as the amount in Section IIIA-Line 6 as accumulated from the individual student entries. Show whole dollars only; do not report cents.

Lines 22 and 23: *Estimated Expenditures*

Report zero (0) for all items (22A, 23A and 23B).

Line 24: *Total Estimated Expenditures*

Report the same amount as line 21A for 24A; report the same recipient count as Line 19B for 24B.

Line 25: *Current OE Approved Authorization*

Report the USOE-approved BEOG authorized amount indicated on your most recent USOE Authorization Letter for the appropriate award period.

Line 26: *Institution's Estimated Authorization Adjustment*

Report the difference between Lines 24 and 25, circling the plus for increase or the minus for decrease.

Lines 27, 28, 29: *SER's Submitted*

Report as indicated. The number reported on Line 29 must be the same as the SER count in Section IIB, Line 6.

V. Maintenance And Retention Of Records

Each institution under the Regular Disbursement System must maintain adequate records which include:

(1) The eligibility of all enrolled students who have applied for Basic Grants;

(2) The name, social security number and amount paid to each recipient;

(3) The amount and date of each payment;

(4) The amount and date of any overpayment that has been restored to the program account;

(5) The "Student Eligibility Report" for each student;

(6) The student's cost of attendance;

(7) How the student's full or part-time enrollment status was determined; and

(8) The student's enrollment period.

These records must be available for inspection by the Commissioner's authorized representative at any reasonable time in the institution's offices. Records must be kept for five years after the institution submits an accounting of each award period's funds to the Commissioner.

The records involved in any claim or expenditure questioned by Federal audit will be retained until resolution of any audit questions.

An institution may substitute microfilm copies in lieu of original records in meeting the requirements of this section.

An institution under the Alternate Disbursement System must establish and maintain —

(1) Records relating to each Basic Grant recipient's enrollment status, and attendance costs at the institution; and

(2) Records showing when each recipient was enrolled. These records must be available at the geographic location where the student will receive his/her degree or certificate of course completion, and must be kept for five years following a recipient's last date of enrollment.

The institution will make available to the Commissioner, the Secretary of the Department of Health, Education and Welfare, the Comptroller General of the United States, and their authorized representatives, pertinent books, documents, papers and records for audit and examination during the five year retention period.

An institution may substitute microfilm copies in lieu of original records in meeting the requirement of this section.

VI. Fund Accounting Procedures

An institution must deposit all Federal funds it receives under the Basic Grant, Supplemental Grant, College Work-Study and National Direct Student Loan programs in an account which includes only those funds. This account is subject to audit by the Commissioner. Funds received by an institution under this part are held in trust for the intended student beneficiaries and may not be used or hypothecated for any other purposes.

The detailed manual on accounting, recordkeeping and reporting which is published in conjunction with the Office of Education is "Accounting, Recordkeeping, and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs (the 'Blue Book')". Copies may be obtained by writing to:

Student Financial Assistance
Training Program
918 16th Street, N.W.
Mezzanine
Washington, D.C. 20006

VII. Audit and Examination

(a) *Federal audits.* The Secretary, the Comptroller General of the United States or their duly authorized representatives will have access to the records specified in Section VIII and to any other pertinent books, documents, papers and records.

(b) *Non-Federal audits.* All Basic Grant Program transactions will be audited by the institution or at the institution's direction to determine at a minimum —

(1) The fiscal integrity of financial transactions and reports; and

(2) If such transactions are in compliance with the applicable laws and regulations. Such audits will be performed in accordance with HEW's "Audit Guide" for student financial aid programs. The audit will be scheduled annually or, at least once every two years, depending on the size and complexity of the program.

(c) Audit reports will be submitted for review to the institution's local regional office of HEW's Audit Agency. The Audit Agency and the Commissioner will also be given access to records or other documents necessary to the audits' review.

Campus-Based Programs (Common Elements)

Introduction

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Campus-Based Programs

Supplemental Educational Opportunity Grants
College Work-Study
National Direct Student Loans

This chapter will discuss items common to the campus-based programs. More detailed discussion of each of the programs follows in Chapter 5, Supplemental Educational Opportunity Grants; Chapter 6, College Work-Study; and Chapter 7, National Direct Student Loans.

I. Administrative Responsibility

Responsibilities for administration of the campus-based programs are shared by various units of the Federal government and by participating institutions.

A. Federal Responsibilities

1. Central Office

The Bureau of Student Financial Assistance, U.S. Office of Education, Washington, D.C., 20202 is responsible for general administration of the programs at the national level. An organizational chart of the Bureau appears on page 1-5.

The Bureau's responsibilities relative to the campus-based programs include developing regulations, policy and program materials; answering questions that require new policy decisions; recommending legislative actions; preparing and distributing institutional application materials; preparing and mailing funding allocation notices; and reviewing fiscal operations reports and audits.

2. Regional Office, USOE

The Regional Office serving the State in which the institution is located is the first contact for information and answers to questions concerning program operation. A list of Regional Offices with addresses, phone numbers and areas served appears in Appendix D.

The Regional Office Staff not only assists the institution with a variety of developmental and operational problems, but also conducts on-site visits, conducts application and regulation dissemination workshops, and conducts program reviews at institutions. In addition, the Regional Audit Staff, Department of Health, Education and Welfare, arranges for periodic program audits.

B. Institutional Responsibilities

1. In General

Each participating institution is responsible for the ongoing operation of the programs on its own campus. It is the financial aid administrator's duty to ensure that eligible students receive the proceeds of these programs in accordance with the provisions of the law, the Agreement signed by the Commissioner of Education and the institution's chief administrative officer, and other criteria as may be established by the Commissioner. The financial aid administrator must accomplish the above with sensitivity to the overall mission of the institution he/she represents.

Additional general responsibilities of the institution include: submission of applications for Federal funds and fiscal operations reports to the Office of Education; adequate dissemination of accurate information relative to types of aid programs, comprehensive educational costs (direct and indirect), and application procedures for individual students; evaluation of student applications and determination of need; packaging of aid to meet each student's need to the extent possible; notification to all applicants of action taken on their applications; counseling of students regarding financial aid matters; disbursement of funds to recipients; revision of aid packages to respond to unanticipated situations; maintenance of adequate records; scheduling of exit interviews for NDSL borrowers; and administration of the post-enrollment activities of the NDSL program.

After an NDSL borrower leaves the institution, the loan program administration involves not only the normal collection function but also includes the processing of student requests for deferments, extensions, and cancellations of repayment.

Later chapters of this handbook will discuss in detail responsibilities which are specific to each program.

2. Institutional Agreement

An institution that wishes to participate in Title IV student aid programs must enter into an Agreement with the Commissioner. The Agreement must be signed by an official of the institution who is legally authorized to assume, on behalf of the institution, the obligations imposed thereby.

A single Agreement covers all Title IV programs. The agreement must be in effect for each year of continued participation. A copy of this agreement is in Appendix B.

II. Application Process

To participate in one or more of the campus-based programs, an institution must submit an application for each award period (July 1-June 30) at a time and in a manner prescribed by the Commissioner. The specific requirements of the application are published annually in the FEDERAL REGISTER. This announcement specifies submission dates and includes other pertinent information about the application process. The Division of Program Operations, BSFA, mails application forms to all participating institutions. Other institutions should contact the Regional Office serving their state for application forms and information on application procedures.

In the summer of 1977, the Commissioner appointed a panel of experts on student financial aid to review the process by which funds for the campus-based programs are distributed to institutions. This assignment, obviously, is very complex and time consuming. Work completed to date points to a conclusion that any changes in the present method of distributing funds will be "phased in" over several years.

The first phase of the new application process wil be instituted with the application for funds for the award period July 1, 1979 to June 30, 1980. The detailed procedures will be published in a Notice of Proposed Rulemaking which will appear in the *FEDERAL REGISTER* in September 1978. The procedures are, with some modification, those that the panel of experts recommended. A summary of the recommendations was published in the June *BSFA Bulletin*.

III. Allotment of Funds

The formula for allotment of funds for campus-based student aid programs is unique for each of the three programs and is described in detail in the following sections of the Higher Education Act of 1965, as amended:

	Section
Supplemental Educational Opportunity Grant	413D
College Work-Study program	442
National Direct Student Loan program	462

Section 493C of the Act describes a slight modification of these allotment procedures which became effective for the 1977-78 award period. There is also a process for reallotment of funds for each of the three programs provided for in the Act. A simplified explanation of the allotment formula follows.

A. Supplemental Educational Opportunity Grant Program

1. Initial Year (IY) Awards

The statute specifies that 90 percent of the funds appropriated for initial year awards shall be allotted among the States and other eligible jurisdictions according to their proportionate share of the national full-time and full-time equivalent enrollment in institutions of higher education. The remaining 10 percent shall be allotted among the States according to criteria established by the Commissioner of Education, except that the 10 percent portion shall first be used to raise each State to at least the level of its original allotment for Fiscal Year 1972, if any State's allotment from the 90 percent portion is less than that amount. The regulatory procedure established by the Commissioner for allotment of the remaining funds has been to distribute these funds to the States in which the allotments made thus far constitute the lowest percentages fundable of the aggregate funding recommendation, thus establishing a uniform minimum State percentage fundable. However, this procedure may be changed in response to the recommendations of the panel of experts.

2. Continuing Year Awards

The statute specifies that the funds available for continuing year awards shall be allotted among the States in such a manner as the Commissioner determines will best achieve the purposes of the program. The regulatory procedure established by the Commissioner for allotment of continuing year funds is to divide the total amount available for continuing year awards by the aggregate continuing year funding recommendation, to determine a uniform national percentage for funding all States.

B. College Work-Study Program

The statute specifies that portions of the appropriation for any fiscal year be reserved (1) in an amount not to exceed 2 percent of the total for institutions in the jurisdictions of Guam, Puerto Rico, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands and (2) an additional amount for students who live in the latter two jurisdictions but attend eligible institutions outside those jurisdictions. After those amounts are reserved, 90 percent of the remain-

ing funds are allotted among the fifty States and the District of Columbia, according to a tripartite formula which takes into account (1) each State's proportionate share of the full-time enrollment in institutions of higher education, (2) each State's proportionate share of the total number of high school graduates, and (3) each State's proportionate share of the total number of related children under eighteen in families with annual incomes under $3,000.

NOTE: For purposes of these allotments, the term "State" includes the District of Columbia and the Northern Mariana Islands but does not include Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands.

The statute specifies that the remaining 10 percent shall be allotted among the States according to criteria established by the Commissioner of Education, except that the 10 percent portion shall first be used to raise each State to at least the level of its original allotment for Fiscal Year 1972, if any State's allotment from the 90 percent portion is less than that amount.

In the past, the regulatory procedure established by the Commissioner for allotment of the remaining funds has been to distribute the remaining funds to the States in which the allotments made thus far constitute the lowest percentage fundable of the aggregate funding recommendation, thus establishing a uniform minimum State percentage fundable. However, this procedure will be changed in response to the recommendations of the panel of experts.

C. National Direct Student Loan Program

The statute specifies that 90 percent of the funds appropriated for Federal capital contributions shall be allotted among the States and other eligible jurisdictions such that each State's proportionate share of the amount so allotted is equal to its proportionate share of the national full-time enrollment in institutions of higher education. The remaining 10 percent shall be allotted among the States according to criteria established by the Commissioner of Education, except the 10 percent portion shall first be used to raise each State to at least the level of its original allotment for Fiscal Year 1972. The regulatory procedure established by the Commissioner for allotment of the remaining funds has been to distribute these funds to the States in which the allotments made thus far constitute the lowest percentages fundable of the aggregate funding recommendation, thus establishing a uniform minimum State percentage fundable. However, this procedure will be changed in response to the recommendations of the panel of experts.

IV. Allocation of Funds to Eligible Institutions

From the State allotments the SEOG IY allocation for the institutions in each State has been determined by multiplying each institution's recommended amount for SEOG IY funds by the final SEOG IY percentage fundable for that State, so that all institutions within a State receive the same pro-rata share of their SEOG IY recommended amount. The same procedure has been followed for CWS and NDSL funds. The SEOG continuing year allocations for the institutions in each State have been determined by multiplying each institution's recommended amount for continuing year funds by the national percentage fundable, so that all institutions in the nation have received the same pro-rata share of their recommended amount.

V. Reallocation of Funds

A. College Work-Study Program

Each year, the Bureau of Student Financial Assistance conducts a reallocation of CWS funds. The source of funds for this reallocation is the unexpended authorizations remaining within each state which are reported on the institutional fiscal operations report as of the prior June 30.

The recaptured funds from institutions projecting an underutilization are reallocated to institutions requesting additional dollars within a given state.

If an institution needs additional Federal funds to operate the College Work-Study program during the 1978-79 award period, it should submit a letter requesting the additional amount to the Office of the Regional Administrator, Student Financial Assistance, which serves that institution's area. To be assured of consideration for a supplemental award, a school's request must be received in the Regional Office no later than November 14, 1978.

B. Supplemental Educational Opportunity Grant Program

The Bureau of Student Financial Assistance distributes allocation adjustment letters during the award period to all participating institutions, requesting them to forecast any unneeded SEOG funds and to release them, or to state the anticipated need for additional funds. The recaptured funds from institutions project-

ing an underutilization of funds are reallocated to institutions requesting additional dollars within the same State.

It is extremely important for the institution to respond accurately and quickly to this request. Failure to deobligate funds projected as not being needed at a given institution will result in needy students being denied assistance at the other institutions needing additional dollars and will have an adverse effect on the institutional application for the subsequent award period.

C. National Direct Student Loan Program

There is currently no reallocation of NDSL funds.

VI. Student Eligibility

A. Regular Sessions

Students receiving campus-based financial assistance must meet the general provisions described in Chapter 2 of this handbook. Each recipient must:

1. be a national of the United States or be in the United States for other than a temporary purpose and intend to become a permanent resident thereof; or be a permanent resident of the Trust Territory of the Pacific Islands. (This regulatory requirement is identical to that of the Basic Grant program. A fuller discussion of the implementation of this provision appears in Chapter 3.)
2. be accepted and eligible for enrollment as at least a half-time student in good standing;
3. demonstrate financial need according to each program's criteria; and
4. not be a member of a religious community, society, or order, who by direction of his/her community, society or order is pursuing a course of study in an institution or who receives support and maintenance from the community, society or order. Individuals in these groups shall be deemed not to have financial need.

Further comments on eligibility appear in Chapters 5, 6, and 7.

B. Special Sessions

To receive aid during a period of non-regular enrollment (special session) such as a summer or equivalent vacation period, a student will be eligible for campus-based assistance if he/she meets all eligibility requirements for the regular session cited above, and

1. is enrolled and in attendance as at least a half-time student during the regular term immediately preceding such session; or
2. will be enrolled or has been accepted for enrollment as at least a half-time student during the subsequent regular term at the institution providing the assistance.

Further information related to CWS employment during a special session appears in Chapter 6.

C. Correspondence Study

A student is considered as enrolled in a program of study by correspondence only after the student completes and submits the first lesson.

D. Domestic Exchange Programs

A domestic exchange program is a program in which two institutions in the United States permit students pursuing a baccalaureate degree at one of those institutions to complete as much as one year of that program at the other institution. For purposes of determining eligibility for assistance under the campus-based programs, a student in a domestic exchange program is considered to be enrolled in his or her "home" institution while studying at the "host" institution.

VII. Need Analysis

A. General Definition

Need analysis, the process of establishing the amount of eligibility for financial assistance for a student, has two major components: (1) a budget (reasonable, comprehensive costs for an enrollment period); and (2) an expected family contribution (expected resources from the student and his or her family during the enrollment period).

If the student's budget exceeds the expected family contribution, that student has need.

B. Budgets

1. Conventional Domestic Programs

The amount required to enable a student to pursue his/her education at an institution (budget) includes amounts charged for tuition and fees, the amounts charged by the institution or the expenses reasonably incurred for room and board, books, supplies and

transportation, and miscellaneous personal expenses, as well as expenses related to maintenance of a student's dependents.

2. Correspondence Programs

In the case of a student engaged in a program of study by correspondence, only the costs of tuition and fees may be recognized as a cost of education. However, travel, room and board costs incurred specifically in fulfillment of a required period of residential training may be included.

3. Foreign Study Programs

Students enrolled in programs of study outside the United States which have been determined to be eligible programs may receive financial aid; however, the budget used to determine eligibility may not exceed the budget which would have been used on the home campus. An eligible program is one in which (1) enrollment is arranged or approved in advance by the home institution; and (2) the student's academic performance abroad becomes a part of his/her academic record at the home institution, with credit or without (i.e., even failing grades and incompletes are recorded).

If the student has reasonable additional costs, the student may obtain a Guaranteed Student Loan or some other source of funding to pay them. In such a case the Guaranteed Student Loan or other funds are not considered as resources for the purpose of determining a potential overaward.

4. Budgets - 9 Months vs. 12 Months

Financial aid officials in institutions that use traditional 9-month academic years have considerable latitude in determining whether a budget for 9 months or for 12 months should be used for a given student. For students attending both regular and summer sessions (going to school year-around) and for certain independent students, a 12-month budget may be the most accurate representation of the student's actual cost.

Special provisions apply to the treatment of earnings of students employed under the CWS program during summer vacations or other periods of non-enrollment. These are discussed on page 6-10.

Budgets for students in institutions with unique enrollment periods should realistically reflect allowable educational costs as they relate to the length of the enrollment period.

Officials in institutions using the Basic Grant method of calculating an expected family contribution should be aware that this method is not a complete need analysis system. Thus, adjustments must be made when determining eligibility for aid through the campus-based programs.

C. Family Contribution

In order to comply with published regulations governing campus-based programs, an institution must use a need analysis system or method of calculation approved by the Commissioner of Education. All need analysis systems generate expected contributions from income and from assets with appropriate deductions and allowances to retain a reasonable amount of financial resources to sustain a family.

The calculation of an expected family contribution is relatively complex. Financial aid officers administering campus-based programs must become thoroughly familiar with the components of the approved need analysis system utilized by their institution.

1. Major Items

Some of the items which are considered in determining the amount of an expected contribution from income and net assets of the individual filing the financial document include:

(a) the number of dependent children;
(b) the number of dependent children in post-secondary education;
(c) tuition incurred by dependent children who are attending elementary and secondary schools;
(d) any serious illness in the family (family members include the student, the student's spouse, parents of dependent applicants as well as other individuals claimed for Federal income tax purposes by the individual submitting the financial document); and
(e) such other circumstances as may affect the ability of the individual filing the financial form, the student or his spouse to contribute toward the cost of education.

In addition, most methods of calculating the amount of an expected family contribution will have an assumption of self-help through employment during periods of non-enrollment (summer earnings).

2. Approved Systems

Annually, the Commissioner approves and publishes in the Federal Register a list of approved need analysis systems for dependent students.

Systems for independent students are approved without a definite expiration date, but the Commissioner may request periodic confirmation that the system remains in compliance with the criteria. Officials should note that some systems may be approved for use with both dependent and independent students, while other systems may be used for only one of the two groups.

3. Independent Student

The various systems of financial need analysis have been developed under the assumption that parents are the primary source of support for dependent students.

There are several situations where an expected parental contribution cannot or will not be available to a student. To assist institutions in determining the status of a financial aid applicant who is applying for aid as an independent student, the Office of Education has published the following regulation.

A self-supporting or independent student is a student who:

(a) has not and will not be claimed as an exemption for Federal income tax purposes by any person except a spouse for the calendar year(s) in which the aid is received or the calendar year prior to the academic year for which aid is requested;

(b) has not received and will not receive financial assistance of more than $600 from a parent(s) in the calendar year (s) in which aid is received or the calendar year prior to the academic year for which aid is requested; or

(c) has not lived and will not live for more than two consecutive weeks in the home of a parent during the calendar year(s) in which aid is received or the calendar year prior to the academic year for which aid is requested. (Note: for the NDSL program only, a veteran is considered self-supporting).

If both parents are deceased prior to the time of submission of an application for aid, the aid applicant will be considered as an independent student even though one or more of the above conditions may not be met.

For purposes of determining a student's financial need for the campus-based programs, the financial aid officer, upon the request of a student, may waive the requirement of a parental contribution from a student who cannot qualify as an independent student under the above definition, if the student meets certain criteria. The precise regulatory requirement, identical for the three programs, appears in Sections 176.12(c), 175.12(c), and 144.12(c) of the SEOG, CWS, and NDSL program regulations, respectively. The financial aid officer must make a written record of the reasons for such a determination. Because of the entitlement nature of the Basic Grant program and the necessity to treat all applicants uniformly, such exceptions are not permitted for that program.

D. Exceptions for Need Determination for Indian and Native American Families

In calculating the expected family contribution for eligible Indian or Native American students, the following are excluded from consideration as income or assets:

1. funds received in an award under the Distribution of Judgment Funds Act or the Alaska Native Claims Settlement Act,
2. property which may not be sold or encumbered without the consent of the Secretary of Interior, and
3. any other property held in trust for the student or his/her family by the United States Government.

VIII. Coordination Of Aid Programs

A. Coordinating Official

The institution is required to appoint an official who will be responsible for coordinating the campus-based programs with all other programs of student assistance, both Federal and non-Federal, at the institution.

B. Maximum Awards and Overawards

An institution may not award aid to a student through the campus-based programs in an amount which, when combined with *all* other resources, exceeds the student's financial need. In no case may a student's financial need exceed his/her cost of education.

There are certain exceptions to the award limit stated above. These exceptions are explained in Sections 144.14, 175.14, and 176.14 of the program regulations and relate to resources which the student receives after the institution has made an award of aid. Officials should note in particular the procedures prescribed for handling "surplus earnings" from employment to prevent an overaward.

C. Resources

The resources mentioned in paragraph B include but are not limited to:

1. the amount of money a student is entitled to receive under the BEOG program even though the student may not have applied for the grant;
2. any waiver of tuition and fees;
3. any scholarship or grant-in-aid including State grants, athletic scholarships and grants;
4. any fellowships or assistantships;
5. a loan (or a portion of a loan as appropriate) made under the Guaranteed Student Loan program as explained in Sections 144.14, 175.14, and 176.14 of the program regulations;
6. any long term loan made by the institution other than a GSL; and

7. any expected net earnings from employment during periods for which the student is receiving campus-based aid. "Net earnings" means gross earnings minus required taxes and costs incidental to obtaining the earnings.

By letter of April 6, 1978, Sam Brown, Director of ACTION, has confirmed the Office of Education's position that the "stipend received by UYA volunteers will be considered as a resource element in the student's total financial aid package." It should be noted that if students incur additional expenses such as increased living expenses in the neighborhood in which they serve, as a result of participating in UYA, these increased costs are considered to be a cost of education.

D. Coordination with Bureau of Indian Affairs Educational Grants-in-Aid

In preparing a financial aid package for a student who is or may be eligible for educational grants administered by the Bureau of Indian Affairs (BIA), the institutional financial aid officer will initially develop an assistance package without considering any potential or awarded funds from the BIA.

Then, if the total financial assistance package, after the addition of BIA funds, *does not* exceed the student's need, no adjustment of campus-based aid is necessary.

If the total package plus BIA grants *does* exceed the need, the reduction of campus-based aid will be completed in the following sequence:

1. first, the reduction of awards or proposed awards in the form of National Direct Student Loans will be completed.
2. If an excess still remains after the loan adjustments, reductions will next be made from any awards or proposed awards in the form of College Work-Study.
3. If an excess still remains after work-study adjustments, reductions will be made from any award or proposed award in the form of a Supplemental Educational Opportunity Grant. However, under no circumstances is a grant under the Basic Educational Opportunity Grant program to be reduced.

The sequence of reductions may be altered *if requested by the student*; and if such an alteration more adequately meets the need of the student.

In determining the amount of financial need of students eligible for BIA grants-in-aid, the institution's financial aid officer is encouraged to consult with BIA area officials responsible for administering BIA postsecondary financial assistance programs. These officials are generally familiar with the individual financial circumstances of the students concerned.

IX. Administrative Expense Allowances

An institution is entitled, for each award period during which it provides financial aid from campus-based programs to eligible students, to an administrative cost allowance for its expenses in administering the campus-based programs during the award period. The administrative expense allowance is payable from the funds established for each of the three programs and is in an amount equal to 4 percent of:

A. the amount of National Direct Student Loans advanced during the award period minus certain refunds and prepayments as explained in Section 144.32(d) of the NDSL regulations;

B. the gross compensation earned by college work-study students under the CWSP, including the Federal share from its allocation for that period and the institutional share for both on and off-campus programs; and

C. Supplemental Educational Opportunity Grants paid to students from its allocation during the award period.

The aggregate amount drawn by an institution from the campus-based programs to pay its expenses for administration for all Federal programs of student financial aid may not exceed $325,000 for any award period.

Any institution which receives an administrative cost allowance for any award period must first use the funds to adequately provide Student Consumer Information Services as described in Chapter 2 of this Handbook.

If funds remain, the institution will use those funds for other costs of administering the campus-based programs as it determines necessary.

X. General Fiscal Responsibilities

Fiscal responsibilities for administering campus-based programs are discussed in detail in Sections 144.19, 175.19, and 176.19 of the program regulations and in the "Blue Book". Although these responsibilities are assigned to the chief fiscal officer of the institution, it is essential that financial aid administrators become familiar with the fiscal office procedures at their institutions to ensure that financial aid office activities are conducted so as to comply with the appropriate fiscal office procedures.

Conversely, it is important that fiscal office personnel at the institution have a general understanding of financial aid program philosophy and program activity. This can be accomplished only through a con-

tinuous dialogue between individuals responsible for the program (Financial Aid Administrator) and fiscal operations (Chief Fiscal Officer) at the institution.

The program/fiscal functional responsibilities must be divided so that a single individual does not bear sole responsibility for the entire administration of the programs.

XI. Records and Reporting

Each institution must establish and maintain on a current basis adequate records which reflect all transactions with respect to program and fiscal activity as they relate to the administration of campus-based programs. The records must be maintained in such a manner as to identify all program and fiscal transactions separately from other institutional activities and funds.

The records for any award period must be retained for a period of five years following the date of submission of the Institutional Fiscal Operations Report, unless a longer retention period is necessitated because of audit resolution problems.

A. Program Records

Form(s) must be used to gather data in a uniform manner from each applicant containing information relative to all eligibility criteria. The individual applicant's file should also reflect the student's budget, available resources; identity of the institutional official who made the determination on each application; amount and type of aid awarded, if any; a record of the notification of action taken (award or reject letter); a copy of a statement by the student accepting or declining the award (or cancellation by the institution in the event of no response by a recipient); Affidavit of Educational Purpose; and other forms required by the various programs. It should also be noted that documents of rejection, cancellation, and declination *must be retained* even though no funds were disbursed.

The institution may wish to contact its Regional Office for assistance in developing institutional forms and other records required to ensure adequate administration of the programs.

B. Fiscal Records

The fiscal records at the institution must be maintained in a manner which provides a clear audit trail. Suggested format for fiscal records and procedures is included in the Blue Book.

C. Audits

1. Federal

The Secretary of Health, Education and Welfare and the Comptroller General of the United States, or any of their duly authorized representatives, will have access, for the purpose of audit and examination, to campus-based student financial assistance records and supporting documents maintained by the institution.

The records involved in any claim or expenditure which has been questioned by Federal audit must be retained until resolution of any such audit questions; however, records of questioned transactions which involve attempts to recover funds to the Federal Treasury need not be retained following expiration of the statute of limitations.

2. Non-Federal

The institution will conduct audits or direct audits to be conducted to determine, at a minimum, the fiscal integrity of financial transactions and reports, and whether such transactions are in compliance with applicable laws and regulations. The audits will be performed in accordance with the Department of Health, Education and Welfare "Audit Guide" for student financial aid programs, and will be scheduled not less frequently than once every two years. Each audit must cover the entire time that has elapsed since the last audit.

D. Fiscal Operations Reports

An institution will submit an annual Institutional Fiscal Operations Report and other reports and information as the Commissioner may require in connection with the administration of campus-based student aid programs.

The fiscal operations report is mailed each summer to all institutions which participated in one or more of the campus-based programs during the twelve-month award period ending June 30, and is usually due in the Campus and State Grant Branch, DPO about September 1 of each year. The exact due date for each report is contained in the cover letter accompanying the report.

The fiscal operations reports provide an excellent illustration for the needed cooperation between the fiscal office and the financial aid office. The report is developed with information maintained in both offices and is jointly signed by the Chief Fiscal Officer and the Director of Financial Aid.

Supplemental Educational Opportunity Grant Program

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Supplemental Educational Opportunity Grant Program

I. Statutory Authority and Purpose

A. Statutory Authority

The Supplemental Educational Opportunity Grant (SEOG) program is authorized under Subpart 2, Part A of Title IV of the Higher Education Act of 1965, as amended by the Education Amendments of 1968, 1972 and 1976.

B. Purpose

The SEOG program was established to assist in making the benefits of postsecondary education available to qualified students who, for lack of financial means of their own or of their families, would be unable to obtain such benefits without the grant.

II. Student Eligibility

Supplemental Educational Opportunity Grant recipients must meet the criteria described in Chapter 2 (General Provisions) and Chapter 4 (Campus-based Programs). In addition, the following eligibility factors apply to SEOG recipients.

A. Undergraduate Student

All SEOG recipients must be undergraduates. An undergraduate student is one who is in attendance at an institution of higher education and who has not earned a first baccalaureate or professional degree.

A student who has not earned his first baccalaureate or professional degree and who is enrolled in a program of study at the postsecondary level which is designed to extend for more than four academic years, is not considered as an undergraduate student in that portion of the program that involves study beyond the fourth academic year unless that program leads to a first degree and is designed to extend for a period of five years.

An undergraduate course of study means a regularly prescribed curriculum for an undergraduate student at an institution of higher education.

B. Financial Need

The SEOG recipient must demonstrate exceptional financial need. The current regulatory definition states that if the expected family contribution as calculated using an approved need analysis system does not exceed 50 percent of the cost of education for a given student, that student has established exceptional financial need.

To award an SEOG, the institution must determine that the recipient would be financially incapable of pursuing a course of study at the institution without the SEOG.

C. Academic Promise

SEOG recipients must demonstrate evidence of academic or creative promise and capability of maintaining good standing in their course of study.

III. Program Requirements

A. Duration of Eligibility

The number of years for which a student may receive an SEOG is the period required for the completion of the undergraduate course of study being pursued by the student. The period may not exceed a total of four academic years, with the following exceptions:

1. the student's program of study is designed by the institution offering it to extend over five academic years; or
2. because of individual particular circumstances, the student is determined by the institution to need an additional year to complete a course of study normally requiring four academic years, in which case such a period may not be for more than one additional year.

For campus-based programs an academic year is a period of time generally of not less than eight months

in which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, three quarters or 900 clock hours of instruction.

Eligibility is based on disbursed grants, not enrolled terms. A student enrolled as a half-time student in a normal four-year program could receive awards for up to 8 years calculated to relate to the half-time enrollment status. A student receiving a grant while enrolled in a special session (see Chapter 4) will be considered to have expended at least one-half of a semester, trimester or quarter, as the case may be, of grant eligibility.

B. Limitations on Awards

1. Maximum Awards

The maximum academic year award is $1,500. The maximum 4-year aggregate award is $4,000. For students eligible to receive an SEOG for five years (see paragraph A above) the maximum aggregate award is $5,000.

NOTE: The duration of eligibility and the maximum aggregate award apply to all students pursuing an undergraduate course of study at *one or more* institutions. This necessitates maintaining cumulative records on all SEOG recipients at a given institution and obtaining a financial aid disbursement history, such as a Financial Aid Transcript, from all institutions of prior attendance for students transferring to an institution who make application for an SEOG.

2. Minimum Award

The minimum SEOG award permitted for an academic year is $200. If after application of all eligibility criteria, a given student's eligibility for an SEOG is less than $200, no payment may be made to that student for that year.

3. Additional Limitation

One-half of package - An SEOG cannot exceed 50 percent of the financial aid awarded to a student by the institution for an award period.

4. Less Than Academic Year Enrollment

The amount of a grant awarded to a student for any period which is less than an academic year in length is limited by a maximum and a minimum which bear the same proportion to $1,500 and $200 respectively, as the length of that period bears to the length of an academic year.

C. Matching

The enabling legislation for the SEOG program includes a matching requirement which specifies that aid equal in amount to the SEOG must be provided to the student during the award period. Eligible matching funds are identified in two major classifications:

1. Any aid which is made available through, i.e. controlled by, the institution itself including Federal financial aid funds. (NOTE: Although Basic Grants are not controlled by the institution, they are eligible funds for matching SEOG's).
2. Gift aid (scholarships, grants) which the student receives from a State agency, a private organization, or a private institution.

"Aid made available through the institution" means gift aid (scholarships and grants), loans, and employment programs which are administered by the institution regardless of the source of funds. At a minimum the following criteria must apply for any aid program to be considered under the control of the institution:

1. the institution must accept and review applications for the financial aid program;
2. the institution must select the recipient of such aid; and
3. the institution must determine the amount of such aid and receive assurances that students selected will receive such aid.

It is the institution's responsibility to see that the SEOG is matched with eligible matching funds. All awards involving SEOG funds must have the matching funds clearly documented in the student's folder and the award letter must explain the SEOG matching requirement. If the student declines a portion of the matching aid, additional eligible matching funds must be substituted in the aid package or the SEOG must be reduced. Similarly, if any matching source is withdrawn or changed after the disbursement of the SEOG, the institution must supply new matching funds.

Guaranteed Student Loans (GSL) are generally not acceptable for matching SEOG funds since the application is received by the lending institution and the decision to lend the money is made by the bank, savings and loan association, credit union, etc. There are however, three situations in which Guaranteed Student Loans are eligible as SEOG matching:

1. when the *institution* participates as a *lender* in the GSL program, loans from the institution's GSL Fund are eligible for matching an SEOG;
2. when the institution provides guarantee funds to a State or private loan program or to United Student Aid Funds, Inc., for their College Reserve program, GSL's provided by a non-institutional lender would be eligible for matching an SEOG; or
3. when institutional action *commits* GSL funds, regardless of the provision for guarantee funds.

The following is a list of appropriate sources of matching funds for the SEOG program:

1. Institutional Grant-in-Aid
2. Institutional Scholarships
3. Institutional Waiver of Fees
4. Institutional Waiver of Tuition
5. State Scholarships
6. State Grants
7. Basic Educational Opportunity Grants
8. Scholarships provided by a group outside the institution
9. Grants provided by a group outside the institution
10. Nursing Scholarships
11. Bureau of Indian Affairs Grants to Students, if the institution reviews the application for such grants, selects the recipients, and determines the amount of such grants
12. Law Enforcement Education Program Grants
13. Institutional Loans, including Insured Loans, if the institution is a lender
14. National Direct Student Loans
15. Nursing Loans
16. Health Profession Loans
17. Guaranteed Student Loans for programs where the guarantee funds are provided by the institution or if the institution is responsible for committing the loan
18. Law Enforcement Education Program Loans
19. Institutional employment
20. Income from employment contracted by an institution with a private concern, with a provision that a given number of students' jobs (not paid from College Work-Study funds) are in the contract, e.g., food service
21. Gross earnings from the College Work-Study program. (This includes summer earnings applied to the student's aid package for the next regular academic year)

Funds Not Eligible for Matching SEOG Awards

1. Guaranteed Student Loan program in which the institution does not provide any funds or approval
2. Any loan contracted independent of the institution
3. Employment not made available through the institution
4. Social Security Educational Allowances
5. Vocational Rehabilitation Benefits
6. Veterans Administration Benefits
   a. G.I. Bill
   b. War Orphans
7. Student Savings
8. ROTC, NROTC, AFROTC Scholarships or payments
9. Federal government income, e.g., research under a Federal grant

If a financial aid administrator is uncertain about any type of aid being eligible or ineligible as an SEOG match, a request for clarification by the Regional Office of Education would be appropriate.

D. Recruitment of Students

The SEOG legislation states that institutions, in cooperation with other eligible institutions where appropriate, should make efforts to identify qualified youth of exceptional financial need and encourage them to continue their education beyond secondary school. This can be accomplished by establishing or strengthening close working relationships with secondary school personnel and making, to the extent possible, conditional commitments to students in the group identified as meeting SEOG eligibility criteria.

E. Designation of Funds

Funds representing the SEOG program are identified as two distinct types, (1) Initial Year (IY) grants and (2) Continuing Year (CY) grants, and are authorized by the Office of Education in specific amounts for each program. The funds may not be transferred directly from Initial to Continuing or vice versa at the institution.

An initial grant is the grant awarded to a student for the first academic year in which he or she receives a Supplemental Grant. All other Supplemental Grants awarded to that student are to be continuing grants.

The initial grant is applicable to periods of enrollment of up to one academic year as defined by program regulations. For the majority of college and university students, this will probably be the regular academic year beginning in the fall and consisting of two semesters or trimesters or three quarters. However, a number of exceptions can be expected, such as the student who begins at mid-year. Historically, the Office of Education has allowed two interpretations of such a case. In one, the academic year ends at the completion of the spring term and the initial grant also ends then. If the student re-enrolls in the summer, any Supplemental Grant that he or she receives is a continuing grant. In the second interpretation, the initial grant extends through the summer session, in effect, covering the second semester of the regular academic year plus the summer session.

As related to proprietary institutions, Section 176.2 of the SEOG Regulations defines "academic year" as "not less than . . . 900 clock hours of instruction." Thus, if a student enrolls in a proprietary institution for a continuous program of 900 clock hours (or 9 months) or less and receives a Supplemental Grant for the first time, that grant would be an initial grant for the entire 900 clock hours.

In programs longer than 900 hours (or 9 months), a given student might receive either an initial grant alone or both initial and continuing grants depending upon circumstances. The factors contributing to the decision include the nature of the program and the number of registrations or other logical bases for dividing the

program into two or more segments. For example, if there is a single registration for a program of 9 or 10 months, it would be appropriate to consider this a single academic year and to award a beginning student (who had not previously received an SEOG) an initial grant for the entire period. However, if the program extends beyond 10 months, it seems reasonable to award an initial grant for the first 9 months and one or more continuing grants for the remainder of the program. A 15 month program, for example, would probably be divided into 9 month and 6 month portions. A grant for the first 9 months would be an initial grant, while that for the final 6 months would be a continuing grant. It is important to note that each grant award must be at least $200.

Payments to Supplemental Grant recipients are made from funds for the award period in effect at the time of disbursement. Students enrolled in a program which spans June 30, then may receive disbursements from funds from two award periods even though a single grant (either initial or continuing) may be involved. As an example, a student enrolls in an 8-month program beginning on April 1, and two payments are to be made, the first upon enrollment in April and the second at the mid-point in August. The first payment would be made from award period one and the second from award period two. If the grant is an initial grant, both payments would be from IY funds. If it is a continuing grant, both payments would be from CY funds.

IV. Transfer of Funds to the College Work-Study Program

An institution is permitted to transfer up to 10 percent of its allocation for an award period under SEOG to its allocation of funds for that same award period to its College Work-Study program. It is not necessary to request permission from Office of Education to effect such a transfer. Similarly, an institution may transfer from CWS up to 10 percent of its allocation to SEOG. This provision gives an institution flexibility in the use of its funds once they have been allocated to the institution.

If the institution finds that it needs additional funds in the Supplemental Educational Opportunity Grant program and is unable to fully utilize its College Work-Study program allocation, it may then want to transfer up to 10 percent of the CWS funds to SEOG in order to utilize all of the funds allocated. These funds may be used either in the initial year SEOG account or continuing SEOG account or split between the two in whatever proportion is desired. Similarly, if an institution is short of funds in CWS but has extra funds in SEOG, it may transfer up to 10 percent from the initial and/or continuing year accounts to CWS. The amounts may come all from the initial year account or all from the continuing year account or split between the two, provided that the total amount transferred does not exceed 10 percent of the combined initial year and continuing SEOG allocation for that year.

This transfer of funds will be reported on the institution's fiscal operations report. When making a transfer from one account to another, an institution must expend all of the funds transferred prior to the end of the fiscal year or return the unexpended balance to the original account. For example, an institution is short in initial year SEOG funds and has extra funds in CWS. It decides to transfer $5,000 from CWS to initial year SEOG. At the end of the year, it finds that it has only expended $4,000 of the funds transferred into the initial year SEOG account. In such a case, the other $1,000 transferred must be returned to the original CWS account. In this example, the institution would report $4,000 as the amount of the transfer from CWS to initial year SEOG.

V. Maintenance of Level of Student Scholarship and Student Aid Expenditures

A. Purpose

The purpose of the maintenance of effort requirement, historically and currently, is to ensure that institutions participating in the College Work-Study and/or Supplemental Educational Opportunity Grant programs do not use Federal funds in place of institutional funds for student financial aid. Each institution participating in either of the two programs is required to continue to spend during each Federal award period in its own graduate and undergraduate scholarship and student aid programs (including student employment) an amount not less than the average expenditure per year made for that purpose during the most recent three fiscal years immediately preceding the effective date of its agreement with the Office of Education.

Once established, this average is permanent and does not change from one year to the next unless one of the following situations occur: (1) an institution is participating in only one of the two programs (i.e., SEOG or CWS) and subsequently enters the other program; (2) an institution drops out of one or both of the programs and re-enters at a later date; or (3) new legislation requires the institution to recalculate its required expenditures.

B. Definition of Institutional Scholarship and Student Financial Aid

The term "institutional scholarship and student finan-

cial aid" encompasses any expenditure of institutional funds for scholarships, grants, loans, and employment at both the graduate and undergraduate levels. This includes any funds which are given to the institution from an organization outside the institution but which are controlled and administered by by the institution and are awarded to student as scholarships or some other form of student financial aid.

An institution must include as part of its maintenance of effort those expenditures for scholarship or student aid given to students who are not eligible to participate in the College Work-Study or Supplemental Educational Opportunity Grant programs as well as institutional financial assistance given to those students who are eligible for these programs. The Office of Education recognizes that there may be some difficulty in determining the degree to which certain categories of institutional expenditures can be classified as student aid and therefore permits some flexibility so long as each institution follows a consistent procedure from year to year.

The level for a particular institution is determined by calculating the average of the expenditures made during each of the three fiscal years immediately preceding the latest of the following dates:

1. the effective date of any agreement under the College Work-Study program or the Educational Opportunity Grants program which was in effect on June 30, 1973;
2. the fiscal year for which the institution receives or received its first allocation of funds under the College Work-Study program;
3. the fiscal year for which the institution received its first allocation of funds under the Educational Opportunity Grants program; or
4. the fiscal year for which the institution receives or received its first allocation of funds under the Supplemental Educational Opportunity Grant program if the institution did not participate in the Educational Opportunity Grants program during the 1972-73 fiscal year.

C. Types of Expenditures to be Counted as Institutional Scholarships and Student Financial Aid

The main types of expenditures which are to be included in the maintenance of effort computations are as follows:

1. institutional grants-in-aid;
2. institutional scholarships, including state scholarships if they are controlled and administered by the institution;
3. institutional waivers of tuition or fees;
4. institutional student loans;
5. institutional share of National Direct Student Loans;
6. loans made under the Guaranteed/Federally Insured Student Loan program if the institution is the lender;
7. institutional share of United Student Aid Funds, Inc., College Reserve program;
8. institutional share of Nursing and Health Professions financial aid programs;
9. institutional employment (exclusive of Federal share of College Work-Study program);
10. institutional share of College Work-Study program (limited to on-campus institutional share unless the institution has provided off-campus matching share from its own funds);
11. student wages from employment contracted by an institution with a private concern, with a provision that a given number of student jobs (not paid from College Work-Study funds) are in the contract (e.g., food service, maintenance, etc.).

In the area of student employment, all work performed by students for the institution is to be included, regardless of its purpose and whether such work is full-time, part-time, seasonal, temporary, sporadic, etc. The institution should count actual cash payments for the fair cash value of payments made in services in return for work performed by students. It is immaterial how the institution records such employment in its books. For example, some institutions may refer to their student employment program as a "work scholarship" or "work grant" program. This is particularly true at institutions which provide work opportunities for all students.

D. Types of Expenditures not to be Counted as Institutional Scholarship and Student Financial Aid

The following are examples of sources of financial assistance that cannot be counted as scholarships or student financial aid for purposes of computing the maintenance of effort figure:

1. scholarships, grants or gifts which are not administered or controlled by the institution and are given directly to students by groups or organizations outside the institution;
2. State scholarships which are not administered and controlled by the institution;
3. loans from outside sources which are not subject to control by the institution;
4. loans under the Guaranteed/Federally Insured Student Loan program unless the institution is the lender;
5. student employment not managed and controlled by the institution;
6. income from jobs financed by the Federal government through research under a Federal grant;
7. Federal share of National Direct Student Loans,

College Work-Study, or Nursing and Health Professions financial aid programs;
8. government benefits such as Social Security, G.I. Bill, war orphans, vocational rehabilitation, etc.;
9. ROTC and NROTC scholarships;
10. specialized programs of various Federal agencies such as Bureau of Indian Affairs and Law Enforcement Assistance Administration.

E. Reporting Maintenance of Effort

An institution is generally requested to furnish its maintenance of effort data in a special section of the institutional application to participate in Federal student financial aid programs. When first establishing an average, the institution will report the pertinent figures concerning institutional expenditures for scholarships and student aid for the previous three fiscal years. Each year thereafter the institution will report only its expenditures for the previous fiscal year.

F. Waiver of the Maintenance of Level of Effort

The Commissioner is authorized to waive the maintenance of effort for a fiscal year under special and unusual circumstances. These circumstances would include such conditions as an institution's inability to expend the amount required due to a withdrawal of funds from outside sources or a decline in enrollment where the institution continued to expend in its own scholarship and student aid programs on a pre-enrolled student basis an amount at least equal to the average amount expended for enrolled students during the three year base period.

Waivers may also be granted in special circumstances if an institution withdraws as a lender under the Guaranteed/Federally Insured Student Loan program. An institution which is having difficulty maintaining its level of effort should contact its Regional Office of Education for advice and assistance on this problem. If a waiver is in order, the Regional Office can assist the institution in submitting to the Bureau of Student Financial Assistance the appropriate information and a description of the circumstances which would justify a waiver.

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College Work-Study Program

I. Statutory Authority and Purpose

A. Statutory Authority

The College Work-Study program was originally authorized by the Economic Opportunity Act of 1964. The Higher Education Amendments of 1968 (P.L. 90-575) transferred the statutory authority for the program to the Higher Education Act of 1965 (P.L. 89-329), as amended. CWS is currently authorized under part C of Title IV of the Higher Education Act of 1965 as amended by the Education Amendments of 1968, 1972 and 1976, *inter alia.*

B. Program Purpose

The primary purpose of the College Work-Study program (CWS) is to stimulate and promote the part-time employment of students. The program is designed for those students who have great financial need and who are in need of the earnings to pursue a course of study at an institution of postsecondary education. CWS is oftentimes awarded to students with other forms of financial assistance. This enables students with the greatest need to meet their educational expenses without the necessity of incurring an unduly heavy burden of indebtedness. The program is also intended to broaden the range of worthwhile job opportunities for qualified students. Federal grants are made to eligible institutions which desire to participate in CWS.

II. Institutional and Program Eligibility

A. Institutional Eligibility

In order to participate in CWS an eligible institution must be located in one of the 50 states of the Union, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the U. S. Virgin Islands or the Northern Mariana Islands. Eligible institutions include institutions of higher education and proprietary institutions of higher education as explained in Chapter 2. Area vocational schools may also be eligible as explained in the following section.

B. Area Vocational Schools

"Area vocational school" includes specialized high schools, a department of a high school, technical or vocational schools, and department or divisions of a junior college or community college or university operating under the policies of the State Board (see Section 175.2 of the CWS Regulations). These schools must provide vocational education to persons who are available for study in preparation for entering the labor market.

Area vocational schools may use College Work-Study only for students who are enrolled in eligible programs. To be eligible, a student enrolled in an area vocational school must have a certificate of graduation from a school providing secondary education or the recognized equivalent of such a certificate. In addition, the student must be pursuing a program of education or training which requires at least six months to complete and which is designed to prepare the student for gainful employment in a recognized occupation. This means that students enrolled in one part of the institution may be found to be eligible for CWS while students enrolled in another part may be ineligible.

It is important to note that the above restrictions apply only to those institutions which do not meet the requirements of the definition of an institution of higher education. A vocational technical school which meets the eligibility criteria of an institution of higher education is not an area vocational school as defined in Section 175.2 of the CWS Regulations. Institutions with questions regarding their status should contact the Regional Office of Education.

Area vocational schools may also qualify for funds from the Vocational Work-Study program. Rules and regulations for this program are different from the College Work-Study program. An institution which receives funds from both programs must administer them separately and according to the applicable regulations for each program.

C. Special CWS for Students Who Reside in American Samoa or the Trust Territory of the Pacific Islands

The Office of Education is required to set aside each year a sum of money from the CWS appropriation to be used for the employment of eligible students who reside in, but who attend eligible institutions outside of, American Samoa or the Trust Territory of the Pacific Islands. Any eligible institution may submit an application for these special funds. An award made under this provision must be used only for the employment of eligible students from American Samoa or the Trust Territory of the Pacific Islands. The Trust Territory consists of the following groups of islands: the Southern Marianas, the Carolinas, and the Marshalls. Students from Guam, the Virgin Islands, the Northern Mariana Islands, and Puerto Rico are not eligible for these special funds.

An institution requesting the special funds should be aware that the CWS grant to employ students from American Samoa or the Trust Territory is separate from the institution's regular CWS award. It carries a different document number and requires separate accounts and reports. A separate application form is required for each year an institution participates in this program. An application for these special funds is mailed to each institution in the spring.

Eligible students from American Samoa or the Trust Territory may also receive assistance under the regular CWS, Supplemental Educational Opportunity Grant or National Direct Student Loan programs. An institution which has a small number of such students should consider this option.

D. Multi-Institutional Arrangements

Several off-campus programs have been developed using a consortium concept. This means that two or more participating institutions have joined together or have cooperated with a non-profit agency to coordinate their off-campus programs. The consortium or non-profit agency provides job identification, placement, administrative services and supervision of CWS for participating member institutions and administrative support for the off-campus employers.

Examples of statewide programs are the North Carolina PACE, Virginia program, Montana Compact, Massachusetts Interns and Arkansas Plan. Major Urban Corps projects are located in New York City, Chicago, Atlanta, Minneapolis, St. Paul, Cincinnati, Dayton and Detroit.

All institutions participating in a cooperative arrangement must have a written agreement with the consortium or non-profit agency. This agreement must contain the terms, conditions and assignment of responsibilities between each party to the agreement.

The procedure for applying for CWS funds for an institution that participates in a cooperative arrangement depends on whether or not it also participates in the National Direct Student Loan and/or Supplemental Educational Opportunity Grant programs. An institution that does participate in NDSL and/or SEOG must submit its own application for Federal funds.

If a cooperative arrangement is made between two or more institutions which do not participate in the National Direct Student Loan or Supplemental Educational Opportunity Grant programs, the designated grantee for this arrangement may enter into an agreement with the Commissioner on behalf of all of the institutions. The grantee may file a single application for funds under this program provided that all of the institutions participating in such an arrangement are located in a single state. If these institutions are from different states, a separate application for funds must be filed for the group of institutions located within each state. The funds allocated to institutions participating in a cooperative arrangement in one state may only be used for students enrolled in one of the participating institutions in that same state.

Because of the complexities involved, institutions desiring to participate in such an arrangement are encouraged to work with their Regional Office of Education Staff. By doing so, the institution can avoid numerous difficulties and create an arrangement which can be most satisfactory to all parties concerned.

III. Eligibility and Selection of CWS Recipients

A. Student Eligibility Criteria

To be eligible for a CWS award, a student must meet all of the general provisions listed in Chapter 2. In addition, the student must meet all of the student eligibility requirements which are common to College Work-Study, Supplemental Educational Opportunity Grant and the National Direct Student Loan programs as outlined in Chapter 4.

Additionally, students must show evidence of academic or creative promise and the capability of maintaining good standing in their course of study while employed under CWS.

B. Preference to Students with the Greatest Financial Need

Each institution participating in CWS is responsible for determining the eligibility of students participating in its program. An institution must make employment

under CWS reasonably available (to the extent of available funds) to all eligible students in the institution who are in need of such funds. In the event that more students are eligible for CWS awards than funds available, the institution must give preference to those students who demonstrate the greatest financial need. In determining who has the greatest financial need, the institution must take into consideration grant assistance that has been provided to the student by any public or private source and funds to which the student is entitled under the Basic Educational Opportunity Grant program whether or not that student has applied for the Basic Grant. The procedures used by the institution must be (1) uniformly applied to all students, (2) set forth in writing, and (3) maintained as part of the institution's files.

C. Amount of Award

The institution should determine an appropriate award amount for each student offered employment under CWS. In setting this amount, the institution should consider the individual student's financial need, number of hours per week the student can work, length of the academic program or period of employment, anticipated wage rate, and amount of other assistance available to that student. In no case should the CWS award in combination with other sources of financial assistance exceed the student's need. While there is no minimum or maximum award amount a student may receive under this program, the institution should determine the amount for each individual student based on the above factors. See Section 175.14 of the CWS Regulations for additional information on awards and overawards.

IV. Development Of Jobs

One of the major aspects of CWS is to develop jobs for students awarded funds under this program. These jobs may be developed on-campus (except in proprietary institutions) and off-campus in private, non-profit organizations or Federal, state or local public agencies.

A. Conditions for Employer Participation

The restrictions discussed below are applicable to all work under CWS whether for the institution or a qualified off-campus agency.

1. Displacement of Regular Workers

Employment under CWS must not result in the displacement of employed workers or impair existing contracts for services. Employers are cautioned against the use of students in jobs which traditionally and customarily have been filled by full-time personnel from outside the institution. It is the intent of the program to create new job opportunities. Institutions are advised to keep this thought foremost in mind as they develop their program.

2. Religious Involvement

CWS positions must not involve the construction, operation, or maintenance of any portion of a facility which is used or is to be used for sectarian instruction or as a place for religious worship. In determining whether or not employment will violate this restriction, it is the purpose of the work which must be most carefully considered rather than the nature of the employing organization. The institution must insure that the particular position to which the student is assigned does not involve sectarian instruction or the religious activities of a church (or of a church-affiliated organization or institution) if it is to be supported under CWS.

3. Political Involvement

Positions under CWS must be free of political involvement. Under this prohibition, a student could not be assigned to work for an individual member of Congress, an individual member of a State legislature, or for any of the various committees of the U.S. Congress. However, a student could be assigned to the staff of a standing committee of a State legislature if the selection of a staff for that committee and the work performed by the staff is conducted in a non-partisan fashion. Further, the political support or affiliation of the student may not be taken into consideration. Positions that involve lobbying at the Federal level, or employment for USOE are also prohibited.

4. Dues and Fees Prohibited

Employers may not solicit, accept or permit to be solicited from a student or a student's parents or spouse, any fee, commission or compensation of any kind, or the granting of a gift or gratuity as condition or prerequisite for the student's CWS employment. However, if a student is required to belong to a union and pay dues as a condition of employment, and further the dues are assessed against non-CWS employees, then the dues may be paid by the students from their compensation while employed under the

program. Generally, CWS employees should not be treated differently than non-CWS employees performing a similar function.

5. Voluntary Services

The Fair Labor Standards Act of 1938, as amended, prohibits a covered employer (including educational institutions) from accepting voluntary services from any paid employee. Therefore, any student who is employed under CWS must be paid for all hours worked. (Contact the nearest Office of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, for information regarding voluntary services of institution employees).

B. Employment On-Campus

1. General

On-campus employment is, of course, mutually beneficial to the student and the institution. It expands employment opportunities for needy students and, at the same time, provides needed services for the institution. While there are often a number of essential jobs in the clerical and maintenance areas, an effort should be made to develop a variety of positions suitable to a wide range of student skills and interests. Placement of students in jobs related to their academic area of study is certainly worthwhile in terms of job satisfaction and consequent productivity. A biology major, for example may be most valuable in the biology laboratory. The possibility of using student personnel majors in the student financial aids office should not be overlooked.

Generally, a student may be employed in any department, division, office or other unit of the institution. CWS students may also be assigned to assist an individual professor, if the work involved is the type which the institution would normally support under its own employment program. The assignment of a student to serve as a research assistant to a professor is one example. This is appropriate as long as the work performed by the student is in line with the professor's official duties and is considered work for the institution itself. If the work meets this test, the fact that some incidental personal financial benefit may ultimately accrue to the professor is of no concern.

2. Limitation of Employment in Profit-Making Activities

If an institution is engaged in profit-making activities, work on such activities is not permissible under CWS. Profit-making activities may include the operation or rental of athletic fields, auditoriums, theaters, parking lots, etc. For example, if the institution leases a facility to a private sports club or organization, any jobs created as a result would not qualify as CWS positions.

This limitation does not apply to events which are conducted as part of the educational, cultural or athletic programs of the institution itself. The fact that a fee may be charged for entrance to such an event does not, in itself, disqualify any jobs related to the event from being CWS positions.

3. Employment in Food Service or Other Contractual Operations

An institution may assign CWS students to work in its food service (or other operations such as security or cleaning) under the supervision of a private contractor if the contract between the institution and the professional service company specifically provides for the employment of a certain number of students. In order to employ College Work-Study students with a private contractor, the contract must specify that the institution retains final responsibility for the selection of CWS students for these positions and for the determination of each student's wage rate. CWS employment under such a contractual arrangement is considered employment for the institution itself and is classified as employment on-campus. In effect, the institution simply reserves the right to reduce the cost of its food service or other contractual operations through the provision of student labor.

4. Employment in a Foreign Country

Normally, employment in a foreign country is not possible under the law. An institution of higher education which has a branch campus located in a foreign country, however, may employ its own students under CWS at that branch campus if the overseas extension is a separate branch with its own facilities, administrative staff, and faculty. These students may also be employed by a U.S. Government facility such as an Embassy or military base.

The employment of a student as an assistant to an individual professor on a field trip abroad or employment for a non-profit organization in a foreign country is not permissible.

5. Prohibition Against On-Campus Employment at Proprietary Institutions of Higher Education

No work for a proprietary institution of higher education is eligible for Federal financial participation under CWS. Therefore, students enrolled in participating proprietary institutions may be employed under the College Work-Study program only in work for organizations other than the institution itself. In this context, any entity which controls or is controlled by the governing board or proprietors of the institution is

considered part of the institution. Any work off-campus must be in the public interest and be for a qualified off-campus agency.

6. Academic Credit for Work-Study

One area of concern has been the earning of academic credit while performing a College Work-Study job. The opportunity to receive academic credit while employed in a CWS job exists, but is considered secondary to meeting a student's financial need. Where possible, the institution should strive to relate a job to the student's educational program and career objectives.

There are limitations to the granting of academic credit to a student on CWS. Generally, an internship or practicum which is a requirement of a degree or certificate and which is usually performed without remuneration does not qualify under CWS. For example, student teachers and nurses often must complete a practicum or internship to fulfill their degree requirements. If this requirement is generally completed without remuneration, the practicum or internship would not qualify under CWS. On the other hand, if most students complete this requirement in a position where the student receives remuneration, the student may be employed under CWS. In no case may a student be paid for receiving instruction in a classroom, laboratory or other academic setting.

C. Employment Off-Campus

Off-campus CWS is a benefit to the student, the institution and the employer. It affords students a valuable experience which helps in making better career choices. Often it helps to integrate one's educational program and career objectives through clinical job experiences. The off-campus employer benefits by being able to expand its activities with minimal costs. Institutions are encouraged to develop off-campus employment opportunities for their students.

1. Qualified Off-Campus Organizations

The institution is responsible for ensuring that any qualified, off-campus organization with which it enters into an agreement is a responsible agency with professional direction and staff, and that the work to be performed by the students is adequately supervised and consistent with the purpose of CWS. The off-campus agency must meet all of the conditions for employer participation discussed in Section IV-A, above.

a. *Federal, State or Local Public Agencies*

Institutions may negotiate off-campus agreements with Federal agencies, as well as with State and local public agencies. The statutory requirement that the Federal share of student compensation may not exceed 80 percent refers only to Federal funds appropriated specifically to operate the College Work-Study program. Most Federal agencies have the authority to enter into an agreement with an institution of higher education and to provide the required share of student compensation normally paid by off-campus agencies, plus any other necessary and allowable employer costs agreed upon.

Because of a potential conflict of interest, employment with the Office of Education or any of its Regional Offices is prohibited.

Local public agencies include such units as city or county governmental offices, public schools, community owned hospitals, public libraries, community centers, etc. Institutions will want to become familiar with as many local agencies as possible so that they may enter into agreements with those that can provide meaningful employment opportunities for their students.

b. *Private Non-Profit Organizations*

Non-profit means that no part of the net earnings of an agency may inure to the benefit of any private shareholder or individual. An organization must be incorporated as such under Federal and/or state law. An institution which is classified as a tax-exempt organization by either the Federal or State Internal Revenue Service meets this requirement.

Examples of private non-profit organizations are hospitals, private schools, day care centers, half-way houses, crisis centers, summer camps.

2. Work Performed in the Public Interest

The services to be provided by students in their employment with off-campus organizations must be of broad benefit to the population at large in order to be considered in the public interest. Work will not be considered in the public interest if it is primarily for the benefit of the members of a limited membership organization rather than the public at large. In this regard, it is necessary to look not only to the overall purpose and activities of the organization, but specifically to the work to be performed by the student. For example, a student may be employed by a private non-profit civic club. If the student's work involves a community drive to aid handicapped children, this would, of course, be in the public interest. If the student's work were confined to the internal interests of the club, such as a campaign for membership, this type of work would benefit a particular limited membership group and, therefore, would not be considered in the public interest.

Questions also may arise in connection with employment for private non-profit membership organizations, such as a golf club or swimming pool. Employment for such organizations is acceptable only if the use of their facilities is open to the public on the same terms

as to members of the club. If the use of these facilities is limited or is given on a preferential basis to a select membership, CWS employment for local organizations of this type is not acceptable.

3. Execution of Off-Campus Agreements

A written agreement between the institution and off-campus agency is required. A model off-campus agreement form which incorporates the pertinent provisions is shown as an appendix to the CWS regulations. This form need not be followed precisely, but is intended to serve as a guide for the establishment of an acceptable agreement. Additional or substitute paragraphs may be devised which are not inconsistent with the statute or regulations.

The off-campus agreement establishes the arrangement for on-site supervision of students, control of the hours of work, the maintenance and submission of weekly time records, payroll procedures, the prompt contribution of the organization's share of the payroll, and in general, provides for complete documentation of all responsibilities and financial transactions for the duration of the project.

The off-campus agreement must indicate which party (institution or off-campus agency) is considered the student's employer, a factor which is important with regard to the Social Security coverage of students employed under the College Work-Study program and which may also be highly pertinent in cases of injury on the job. A specific provision designating the employer's responsibility in case of injury on the job is particularly important since Federal funds may not be used to pay for an injured student's hospital expenses. Whether the institution or the agency would be determined in case of legal test to be the employer for purposes of establishing liability for a student's injury on the job may vary depending upon the specific details of any given off-campus agreement. Generally, the legal criterion for determining who is, in fact, the employer depends upon which entity has the right to ultimate direction and control of employees in the performance of their duties. The model off-campus agreement form contains one paragraph to be used if the institution wishes the student to be considered its employee (and to have the benefits of coverage under its Social Security and workmen's compensation arrangements) and an alternative paragraph to be used if the institution prefers for the off-campus organization to be the student's employer.

The off-campus agreement should also state the share of student compensation to be paid by the off-campus agency as well as any other costs to be paid by the agency.

The prompt contribution of the share to be paid by the off-campus organization is particularly important to the institution, since the institution is responsible for making certain that students receive each pay day the full wages which they earned in the preceding pay period. Failure of the organization to make its contribution does not excuse the institution from fulfilling this obligation.

4. Supervision and Evaluation of Off-Campus Employment

The specific elements of a system for supervising off-campus employment of students are a matter for institutional determination. Such a system must provide the required documentary information and should be consistent with prudent management of the program.

Institutional officials responsible for overall conduct of the program should arrange periodic visits to each organization with which an active arrangement exists. These visits will serve to establish whether the student is engaged in appropriate and acceptable work and whether the terms of the off-campus agreement are being fulfilled. Visits may be made by faculty or staff members or, if the organization is located at some distance from the institution, by other personnel whom the institution is willing to permit to act as its agent.

An institution may arrange meetings on the campus with staff members of the off-campus organization in order to acquaint them with its financial aid and student employment programs. These meetings, coupled with the institution's on-site visits and any written information about the program which it can furnish to the organizations, can yield many positive benefits to the institutions, not the least of which is gaining identification on the part of the employing organization with the institution's educational aims and objectives.

Many institutions have also found it helpful, in determining whether to continue an off-campus arrangement, to require students to submit a formal evaluation of their work experience at the conclusion of the assignment. The evaluation can also be used by the institution in helping organizations to improve their work programs.

D. Job Description

Each CWS position must have a job description which includes the following: name of employer (i.e., department, public agency, non-profit organization), address, purpose of job, duties and responsibilities, job qualifications, wage rate or range, length of employment (beginning and ending dates), and name of supervisor.

The job description fulfills several significant purposes. First, it will assist the institution in determining whether or not the job qualifies under the College Work-Study program. Second, it provides the information needed to explain the position to a student. Third,

it helps students select the type of employment which best relates to their educational or career objectives. Fourth, it aids the financial aid administrator, student, and supervisor in determining the number of hours of work required at the specified wage rate to meet the student's financial need. Fifth, it establishes a written record for both student and employer of the duties and responsibilities of the job.

E. Wage Rates

1. Establishing Wage Rates

Wage rates should be a function of the duties and responsibilities of the particular job. The duties and responsibilities determine the skills and abilities needed to perform the job. These skills and abilities have a market value, which may, however, vary from one geographical area to another.

The criteria to be used in establishing the rate at which any particular student is paid are: (a) the particular set of skills and abilities needed to perform the job; (b) the prevailing rate at which persons with those skills and abilities are paid in the local area for doing jobs of a particular kind; and (c) any applicable Federal, state or local legislation which would require a particular wage rate.

The practice of paying students wage rates based exclusively on their year in school is permissible only under a given set of circumstances, namely that satisfactory performance of a job at a given level of skill is dependent upon that student's level of academic advancement. As a general rule of thumb, comparable wages should be paid for comparable work, whether the work being compared is that of two students at different class levels or that of a student and a regular employee.

Varying wage rates enable institutions to pay students a wage commensurate with the skill required for a particular job and, in addition, offer promotional incentive to the student as (s)he becomes more proficient on the job. Wage rate differentials based on race, creed, color, national origin, or sex are not permissible.

2. Wage Rates as Related to Need

It is not acceptable to base a student's wage rate on need or any other factor not basically related to his/her skills and abilities. The student's need places an upper limit on the total earnings under the program, but this total is as much a factor of number of hours per week and number of weeks worked as it is of the hourly rate.

3. Minimum Wage Rate

Regulations require that the minimum rate for a student employed on campus under CWS be $2.30 an hour until June 30, 1978 and $2.65 an hour from July 1, 1978 through June 30, 1979, or such higher minimum wage as may be required under any applicable Federal, state, or local legislation. Section 175.24 of the CWS Regulations presents minimum wage rates after June 30, 1979. The minimum wage rate of $2.65 an hour became effective for private institutions on January 1, 1978. Future increases for private institutions will also become effective on January 1.

Public institutions may request a rate of compensation lower than the minimum if exceptional circumstances warrant a lower rate and its approval is not precluded by law and is consistent with and promotive of the purposes of CWS. To obtain approval, a public institution must submit a separate application to the Bureau of Student Financial Assistance.

Private institutions may request a lower rate by filing an application with the Secretary of Labor, Wage and Hour Division, Employment Standards Administration, U. S. Department of Labor. The Secretary may establish a sub-minimum wage rate under provisions of the Fair Labor Standards Act for full-time students at a private institution. That is the minimum wage rate under CWS for those students.

Institutions needing assistance in applying for a sub-minimum rate should contact their Regional Office of Education, or the State office of the U. S. Department of Labor, as applicable.

4. Maximum Wage Rate

There is no maximum rate under CWS. However, institutions should set wage rates in accordance with the qualifications required to perform the particular job. Wage rates under CWS should be comparable to rates normally paid by the institution for similar non-CWS employees.

F. Hours of Employment

1. Meaning of Hourly Employment

As a part-time employment program, CWS provides for payment on an hourly basis only. Students may not be compensated under a salary, commission or fee arrangement. In addition, fringe benefits such as paid sick leave, vacation pay and holiday pay which are usually part of a salary situation are not part of the pattern of compensation under CWS. Simply put, CWS students are employed under "an hour's pay for an hour's work" arrangement. However, institutions should not deny payment to CWS students for brief interruptions in their daily schedules such as rest or coffee breaks if it is the employer's policy and practice to permit those interruptions for its regular hourly employees.

2. Maximum Hours of Employment

The number of hours an enrolled student is allowed to work should be determined by the institution in accordance with its own standards and practices, taking into consideration the extent of the student's financial need and the potential harm of a particular combination of work and study hours on a student's health and/or progress. Institutions should note that there are no statutory or regulatory limitations on the number of hours per week or per term that a student can work. However, there is a possibility that employment beyond the amount anticipated at the time of award may result in an overaward. Section 175.14 of the CWS Regulations prescribes procedures to be followed in such an event.

V. Employment During Periods of Non-Enrollment

The primary purpose of CWS employment is to enable students to meet their educational expenses. When school is in session, all of a student's net earnings must go towards meeting the student's cost of education. During periods of non-enrollment, it is necessary for students to maintain themselves and therefore a part of the earnings may be used for this purpose.

A. Eligible Periods of Non-Enrollment

Students may be employed under CWS during a period in which they are not enrolled. These periods may include the following:

1. A summer or equivalent vacation period for any student;
2. The full-time work period of a cooperative education student; or
3. The remaining portion of a semester, quarter or other regular enrollment period in which the student withdraws if he/she intends to return and the institution considers the student to be making satisfactory progress.

B. Student Eligibility

To be eligible for employment under CWS during a non-enrollment period, the institution must ensure itself that the student was enrolled and in attendance as at least a half-time student during the preceding regular session and will complete his or her course of study during the special session or will be enrolled, or has been accepted for enrollment, at the institution as at least a half-time student for the regular session immediately following the non-enrollment period.

Students who will be studying abroad under a "Junior Year Abroad" program may be employed during the summer preceding their study abroad provided they are continuously enrolled in their American institution while studying abroad and the study abroad is part of the American institution's own program. In such cases, employment is limited to qualified positions in the states, for the American institution's branch campus located in a foreign country, or by a U.S. Government facility abroad.

Transfer students are eligible during such periods if they have been accepted for enrollment on at least a half-time basis at the institution for the term immediately following the period of employment. New students are also eligible providing they intend to enroll during the first regular enrollment period following their employment.

The institution is obliged to exercise all due care in assuring that any student who accepts employment during a period of non-enrollment does so in good faith. A student whose eligibility is based on anticipated enrollment in a subsequent term may fail to register or may register at another institution. When this occurs, an institution which employed such a student must be able to demonstrate that the student was eligible for employment and that the institution had reason to believe that the student intended to become a student at that institution in the next term. The documentation to be secured as evidence of the student's intention to enroll is at the discretion of the institution. The documentation must, however, demonstrate that it was reasonable for the institution to believe that the student would be enrolled as a student in the succeeding term. As a minimum the institution must be able to furnish a written record which shows that the student did accept the institution's offer of admittance.

C. Types of Employment Permitted

A job during a period of non-enrollment must meet the same conditions as those during an enrolled period. See Section IV for a full description of job development activities.

D. Savings from Jobs

It is recognized that students working under CWS during a non-enrollment period have certain expenses which they must pay from their earnings. These expenses include required withholding of taxes and reasonable costs incident to obtaining such earnings within the limitations set forth below. Costs incident to employment include commuting costs between the student's home and place of employment, the cost of meals at work and, if the student does not live with parents, any necessary rent and food expenses.

The expenses incurred should be kept to a minimum. Regulations in effect at the time this handbook was published set maximum permissible expenses. For a student who resides at home, the costs incident to employment may not exceed 20 percent of the student's gross earnings or $300, whichever is less. If a student is only able to obtain a job away from home during the period of employment, the costs incident to employment may not exceed 40 percent of the student's gross earnings or $600, whichever is less.

The institution must determine the amount of allowable expenses within the applicable limitations for each student. For example, students who are able to reside on campus at a reduced rate during the summer and whose employment is within walking distance may not need 40 percent of the earnings in order to cover their expenses. In such a case, the institution should allow only the amount of expenses reasonably attributed to the student's cost incident to employment. In another case, a student may be employed in a large urban area necessitating considerably greater expenses. In such a case, it would be appropriate for the institution to allow the full 40 percent or $600, whichever is less, for that individual student.

It is important for the institution to document its determination of allowable expenses. The documentation should include a written statement of the institution's procedures for making this determination. In addition, the file for each student should, as a minimum, include the amount of allowable expenses.

The amount that a student is required to save (i.e., net earnings) will be the difference between the gross earnings less any required withholding of taxes and reasonable costs incident to obtaining such earnings. The net earnings must be considered a resource during the next period of regular enrollment. To avoid any misunderstanding the institution should include in its award letter the expected gross earnings, anticipated withholdings, allowable costs incident to employment and the amount required to be saved (i.e., net earnings).

If a student is employed under the CWS program during the summer or other comparable period while not attending classes, the institution may include reasonable living costs incurred by the student for that period as part of the cost of education if the expected family contribution for that student is calculated on a 12-month basis. If the student is on a 12-month budget, his or her net earnings for the summer or other vacation period are considered a part of the financial aid package for that twelve months.

VI. Financial Management

A. Federal Share of Compensation Paid to Students

1. Limitation of Amount

The Federal share of compensation paid to students employed under CWS may not exceed 80 percent except as noted in Section A2 below. The Federal share will be calculated on the basis of the hourly rate paid a student. The following may not be included in determining the Federal share:

a. Fringe benefits such as sick leave, vacation pay and holiday pay; and

b. Employer's contributions to Social Security, workmen's compensation, retirement, etc.

While the law provides that the Federal share cannot exceed 80 percent, the institution is free to set a lower percentage for the Federal share, if it so desires. For example, if an institution has a large demand for College-Work-Study jobs from its various departments on campus but does not have sufficient funds to award to students, it may stretch those Federal dollars by requiring a greater contribution from the employing departments and consequently, a reduced Federal share of the wages paid.

2. Waiver of Federal Share

The Commissioner may approve for an institution a Federal share of greater than 80 percent if the institution:

a. Is designated as a developing institution of higher education in accordance with Title III of the Higher Education Act of 1965 (Public Law 89-329); or

b. Can demonstrate that at least 50 percent of its students who are enrolled as at least half-time students have parents whose annual adjusted gross income does not exceed $7,500 per year. A waiver is requested by completing the appropriate section of the annual institutional application to participate in Federal student financial assistance programs.

B. Institutional Share of Student Compensation

1. Minimum Amount

Except in those cases where a waiver has been granted by the Commissioner, the institution's share of student compensation must be equal to at least 20 percent. If the institution chooses to stretch its dollars by using a Federal share of less than 80 percent, the institutional share must be proportionally increased. For example, if an institution decides to use a 75 percent Federal share, then the institution is obligated to provide the other 25 percent. The institutional share must be contributed promptly in conjunction with each payroll disbursement.

In cases where students are working under an agreement entered into between the institution and a Federal, state or local public agency or private non-

profit organization, the agreement should state the share of student compensation and any other costs to be paid by the agency.

2. Source of Institutional Share

The institutional share may be derived from any source except from Federal funds appropriated for CWS. It may be provided by the institution exclusively from its own funds, partly from institutional and the remainder from other funds, or totally from non-institutional funds as those provided by an off-campus agency.

The institutional share of student compensation under CWS may come from funds available under other Federal programs (such as NSF, NIH, etc.) so long as there is authority under other programs to do so. If in doubt, the institution should contact the appropriate Federal agency for a determination as to whether or not there is authority under its own particular program, grant, or contract to use CWS funds for employment. As a general rule, however, most Federal agencies are able to authorize this type of employment.

If an institution has an agreement with an off-campus agency, it may recover from that agency (a) the non-Federal share of student compensation, (b) any required employer contributory costs such as the employer's share of Social Security or Workmen's Compensation insurance to the extent that such costs are paid by the institution on behalf of the agency, and (c) any costs of administration incurred by the institution in administering such an agreement either directly or through an agent. In determining the costs of administration, the institution may only charge for those costs which exceed the administrative cost allowance actually received by the institution.

An institution may not profit financially from an off-campus agreement. If the institution receives funds in excess of the cost of operating the program for an agency, the institution must use those excess funds to (a) reduce the Federal share of compensation to students employed by that agency, (b) be held in trust for the agency for use in a subsequent fiscal year, or (c) be refunded to the agency.

3. Non-Cash Institutional Share of Student Compensation

The institution may contribute its share of the compensation of any student employed under CWS in the form of services and equipment provided by the institution to that student employee in return for services rendered. In no case may any such payment consist of remittal of a charge assessed against the student exclusively because of his/her employment under CWS. Examples of permissible, non-cash payments include: tuition or any portion thereof, room and board charges, books and supplies which are not normally furnished free of charge, or fees normally charged to all students.

As discussed earlier, the Federal share of CWS wages cannot exceed 80 percent except where the institution has been granted a special waiver. If the amount of the institution's non-cash contribution is less than the difference between 100 percent of the student's gross earnings and the Federal share, the institution must contribute in cash the difference between the Federal share of the student's gross earnings and the actual non-cash contribution.

If the institution's non-cash contribution to any one student in any one pay period exceeds 20 percent of that student's earnings in that payroll period, the balance may be claimed as a non-cash contribution towards that student's earnings during any subsequent pay period within the same award period. For example, the institution may defer all the student's tuition for one semester, then claim a non-cash contribution equal to its share of that student's gross compensation for each pay period which would be applied against the amount of tuition deferred until the total of such shares of the student's earnings equals the total amount of the tuition deferred. All amounts claimed as non-cash contributions must be supported by adequate documentation such as a copy of a receipt provided to an amount credited to his/her account.

C. Other Uses of Funds

1. Administrative Expenses

An institution may use a portion of funds awarded each year for its expenses in administering the College Work-Study program. The law requires that the administrative funds first be used to carry out student consumer information services and the remainder for expenses related to the administration of Title IV programs. See Chapters 2 and 4 for further details.

The maximum administrative expense allowance for CWS is four percent of the gross compensation earned by students employed on CWS. An institution may take the full 4 percent, a smaller amount, or none at all. The allowance is taken directly from the Federal funds allocated to the institution for the College Work-Study program, thereby reducing the amount available for awards to students.

For planning purposes an institution should determine at the beginning of the year the amounts available for awards to students, the institutional matching share, and administrative expense allowance. This will assist the institution in maintaining fiscal control of the funds. The following procedure may be useful for planning purposes.

1. If the institution plans a job locator program, subtract the amount to be set aside for the program

(up to 10 percent of the allocation to a limit of $15,000);

2. Divide the remainder by .84 to obtain the gross compensation to students.

3. Multiply the gross compensation by .04 to obtain the administrative expense allowance.

It is important to note that the above formulas apply only if an institution uses all of its funds allocated for CWS. The institution may only withdraw the administrative expense allowance based on the actual earnings paid to students.

2. Transfer of Funds to the Supplemental Educational Opportunity Grant Program

An institution is permitted to transfer up to 10 percent of its allocation for an award period under CWS to its allocation of funds for that same award period for its Supplemental Educational Opportunity Grant program. See Chapter 5 for details.

3. Job Location and Development Program

In each award period an institution participates in CWS, it may use up to 10 percent of the Federal funds allocated to it under CWS or $15,000, whichever is less, to establish and operate a Job Location and Development program. If an institution already has such a program, it may use these funds to expand the program at the institution. See Section VII below for details.

D. Payment of Wages to Students

1. Accounting, Recordkeeping and Reporting

The accounting, recordkeeping and reporting system should be set up in such a fashion as to demonstrate readily, on audit, that Federal funds have been used properly and only for the purposes intended. It should also provide for easy preparation of required reports and for control over the rate of expenditure. A detailed manual (referred to as the "Blue Book") covering these procedures for all Federal student aid programs has been developed for the U.S. Office of Education. An institution participating in CWS should study this manual carefully and set up the appropriate records for CWS. The remaining section of this chapter will deal with fiscal procedures unique to the College Work-Study program.

2. Payroll Period

The institution may utilize any payroll period it desires provided that a student is paid at least monthly. It is desirable for an institution to have its CWS payroll correspond with other similar payrolls at the institution. A separate time period for CWS is not required. However, a payroll period which terminates on the last day of each month is recommended since it facilitates the preparation of fiscal reports which normally cover a period ending on the last day of a month.

3. Time Record Form

Institutions participating in CWS are required to maintain an individual weekly time record showing hours worked per day. Since this form serves as authorization for payment, it must contain a certification by an official that the student has worked the number of hours stated and the certification must say whether the work has been performed in a satisfactory manner.

The time record also provides the institution with a means of monitoring the number of hours a student works each week.

An institution will also want to review these time records to see that students are working the approximate number of hours needed to ensure that they earn their entire award in the term. If the student earns the maximum amount to which he/she is entitled before the completion of the job assignment (e.g., before the end of the semester), and is suddenly removed from the position, the removal would be distressing both to the student and the supervisor concerned. By periodically reviewing the time records and comparing the cumulative number of hours actually worked with the cumulative total normally expected at any given point in the period for which the College Work-Study was awarded, the financial aid administrator will be able to forewarn the student and the employer if it appears the student is going to earn the maximum amount to which he/she is entitled before the completion of the job assignment. This provides both the student and the employer an opportunity to make adjustments in the hours worked to ensure that the student earns the total amount of the award, but does not exceed it. The need for this kind of record keeping is particularly important in view of the new provisions regarding overaward and treatment of surplus earnings in section 175.14 of the CWS Regulations.

4. Payroll Vouchers

The CWS payroll should be readily identifiable and distinguishable from other institutional expenditures for reporting and control purposes. College Work-Study compensation should be entered on a separate voucher or grouped separately from other expenditures if listed on the institution's general payroll voucher. If payrolls are handled on automatic data processing equipment a special code for College Work-Study payments should be used. Payroll vouchers must support all payroll disbursements and should provide space for all of the following information:

a. Name and address of institution
b. Beginning and ending dates of the payroll period
c. Name of student
d. Identification of job in which student is employed
e. Number of hours worked during the pay period
f. Hourly rate of pay
g. Gross earnings
h. Compensation withheld for Federal, state, county, or city taxes, and other deductions
i. Non-cash payments
j. Net earnings
k. Check number, duplicate receipt, or other identification

5. Non-Cash Contribution Record

Any services and equipment provided to a student by the institution as part payment of the institutional share of the student's pay must be supported by adequate documentation. The institution may use any procedure for documenting non-cash contributions so long as the records clearly demonstrate that the tuition, books, etc. have, in fact, been supplied to the student.

6. Disbursement Process

a. *Payment by Check*

Compensation to a student must be paid at least monthly and be supported by individual checks or by other similar instrument in lieu of checks (drafts, purchase orders, etc.). In other words, an institution may pay College Work-Study students in some form other than individual checks if it does so in its own student employment program, and if the method of payment provides a document that may be cashed by a student on his/her own endorsement without further restrictions, and if the method of payment leaves a clear audit trail. For example, an institution which regularly compensates students in its own employment through individual drafts payable at the cashier's office may do the same for College Work-Study students.

Ordinarily, the amount of the check (or other instrument) will cover the entire amount of the student's earnings (net after taxes and other required withholdings) during the previous pay period. The only exception to the payment of the student's full net wages by check (or other instrument) would occur when the institution's matching share has been supplied in the form of a non-cash contribution.

In such cases, the institution must pay the total Federal share of the student's earnings directly to him/her by check (or other instrument). A student employee should be able to cash the check, or otherwise receive payment, on his/her own endorsement without further restrictions. Accounting devices or procedures which result in the direct transfer of the Federal share of student compensation to expenses or bills are not permissible.

b. *Proof of Payment*

The institution must have documentation in its files to show that students actually received payment in the amount charged to the program. When the institution acts as the paymaster, cancelled checks should be available at the institution for audit purposes.

c. *Payroll Disbursements Handled by an Off-Campus Agency*

Payroll disbursements to students under CWS may be handled by an off-campus agency rather than the institution. This procedure is acceptable, but the institution must make sure that it receives certain records from the off-campus agency for review and retention. These records include:

(1) Time reports indicating the total hours worked each week and containing the supervisor's certification as to the accuracy of the hours reported and of satisfactory performance on the part of the student;

(2) Payroll forms identifying the period of work, the name of each student, rate per hour, the number of hours worked, gross pay, all deductions and net earnings, and the total Federal share applicable to each payroll; and

(3) Documentary evidence that students received payment for their work such as photographic copies of cancelled checks.

The off-campus agreement between the institution and organization should incorporate the above provisions.

7. Student Wages Not Exempt from Garnishment

No provision in the statute exempts wages earned under CWS from state and local laws involving the credit process (garnishment). However, the institution should refrain from using Federal financial aid funds for a student's employment where the student does not receive the wages and where, due to the size of the debt, there is no likelihood that any of the wages will be received by the student in the foreseeable future. Where state and local law allows garnishment, and when a creditor persists in attaching a student's wages, the institution should discontinue the CWS employment to the student in order to make the funds available to another needy student who will benefit from the earnings to pursue an education.

E. Maintenance of Level of Student Scholarship and Student Aid Expenditures

Institutions participating in College Work-Study are required to continue to maintain their undergraduate and graduate scholarship and student aid programs.

The requirements for CWS are identical to the Supplemental Educational Opportunity Grant Program requirements. See Chapter 5 for details.

VII. Job Location and Development Program

The Education Amendments of 1976 added a new provision to the College Work-Study program. This addition allows an institution to use part of its College Work-Study funds for developing or expanding off-campus employment opportunities. These opportunities are to be made available to all students who desire to work and without regard to a student's financial need.

At the time this handbook was published, regulations for the Job Location and Development Program were being developed. The information provided here is based on the statute itself and proposed regulations. Institutions should review carefully and follow the regulations when they are issued.

A. General Requirements

1. An institution which desires to establish or expand a Job Location and Development Program using funds from its CWS allocation must enter into an agreement with the Commissioner of Education.
2. An institution must continue to spend the amount of funds previously expended on its own job location and development programs.
3. The program is for the location and development of jobs off-campus. These jobs may be with any off-campus employer such as a business or industry. The employer may be a profit-making enterprise or a non-profit organization. These jobs may be either full-time or part-time positions.
4. This program may not be used to develop jobs involving work for the institution itself or another eligible institution.
5. Employment positions under this program may be located or developed for students during and between periods of their attendance at the institution. This program may not be used for the placement of students in jobs upon graduation.
6. The location and development of jobs under this program must not result in the displacement of employed workers or impair existing contracts for services.
7. Participation in this program must realistically result in the generation of student wages exceeding in the aggregate the amount of funds used to operate the program.

B. Institutional Eligibility

Any institution which participates in the College Work-Study program may also participate in the Job Location and Development Program. The institution may participate in the program by itself as a single entity or enter into a cooperative arrangement with other institutions to establish and operate a Job Location and Development program to serve students enrolled in any institution in the cooperative arrangement. An institution may also on its own or in combination with other participating institutions, enter into an agreement with a non-profit organization under which that organization will establish and operate a Job Location and Development program for students enrolled at the institution(s). This agreement may only be made with reliable organizations with professional direction and staff. An institution which enters into an agreement with other institutions to participate in a cooperative arrangement or with a non-profit organization acting on its behalf must have a signed agreement between all parties concerned. The agreement must:

1. Designate the administrator of the Job Location and Development program;
2. Contain the terms and conditions and performance standards of the arrangements under which the administrator will establish and operate a Job Location and Development program on the institution's behalf; and
3. Provide for the fulfillment of the audit requirement.

Each institution shall retain responsibility for the proper expenditure of Federal funds which it contributes to a cooperative arrangement on its behalf by a non-profit organization.

C. Financial Management

1. Federal Share

For each year an institution participates in the College Work-Study program it may use up to 10 percent of the Federal funds allocated to it under CWS or $15,000, whichever is less, to establish and operate a Job Location and Development Program. These funds may be used to pay up to 80 percent of the allowable cost of the program.

2. Institutional Share

The institution is obligated to contribute a minimum of 20 percent of the cost of operating the Job Location and Development program. The institutional share must come from non-CWS sources and may be in cash or in kind. Administrative funds received for operating the CWS, NDSL or SEOG programs may not be used

as the non-Federal share for the Job Location and Development program. The institution must maintain supporting records to indicate the amount and source of its matching funds.

3. Allowable Costs

Allowable costs are those reasonably related to carrying out a Job Location and Development program established or expanded under this part. These costs may include costs for personnel, travel, supplies and expenses, publications, data processing services, etc. Allowable costs do not include the purchase, construction, renovation, or alteration of physical facilities or indirect administrative cost.

4. Maintenance of Effort for Job Location and Development Program

For each fiscal year in which the institution receives funds for a Job Location and Development program, the institution must continue to spend in its own job location and development programs, from sources other than funds received under this part, not less than the average expenditures per year made during the most recent three fiscal years preceding the effective date of its agreement with the Commissioner. For purposes of this maintenance of effort requirement, the fiscal year is defined to be a period of time from July 1 and ending on the following June 30. In most instances, this average is permanent. It is not a "rolling average". An institution's own Job Location and Development program includes any expenditure of institutional funds, the purpose of which is to create employment opportunities off-campus for enrolled students. Such expenditures include, but are not limited to, staff salaries, related travel costs, printing and mailing costs, telephone charges, and cost of equipment furnished by the institution for use in its Job Location and Development program. The institution must provide adequate documentation to show its maintenance of level of effort figure.

This maintenance of efforts for the Job Location and Development program should not be confused with the institution's responsibility to maintain its level of student scholarship and student aid expenditures. The latter is required for all institutions participating in CWS or SEOG. The former is an added requirement for those institutions using part of their CWS funds for a Job Location and Development program.

5. Records and Fiscal Procedures

The general records and fiscal procedures of the campus-based programs apply to the Job Location and Development program. See the "Blue Book" for more details.

National Direct Student Loan Program

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National Direct Student Loan Program

I. Statutory Authority and Purpose

A. Statutory Authority

The National Direct Student Loan Program is a continuation of the National Defense Student Loan Program authorized by Title II of the National Defense Education Act of 1958. Statutory Authority is found in Title IV, Part E of the Higher Education Act of 1965, as added by section 137(b) of Public Law 92-318, 86 Stat. 273 (20 U.S.C. 1087aa-87ff), and Title II of the National Defense Education Act of 1958 (20 U.S.C. 421-29). Further amendments have been made by the Education Amendments of 1976, Pub. Law 94-482.

B. Purpose

The purpose of the National Direct Student Loan program is to assist in the establishment and maintenance of low interest long-term, deferred loan programs at institutions of postsecondary education to provide loans to students demonstrating need for financial assistance in order to pursue their courses of study at such institutions.

II. Application Process

A. Institution's Application to Participate in NDSL

Institutions wishing to participate in the National Direct Student Loan program must file an application to participate each year in accordance with dates established by the Commissioner of Education. Applications are submitted in conjunction with applications to participate in the College Work-Study program and the Supplemental Educational Opportunity Grant program (if the institution chooses to participate in these programs). A discussion of the application process for the campus-based programs is included in Chapter 4.

B. Application for Federal Institutional Loan

Institutions unable to finance the required institutional capital contributions (one-ninth of the Federal capital contribution) may apply to the Commissioner for a Federal institutional loan to assist the institution in financing its institutional capital contribution. The Commissioner may make such a loan to an institution if he/she determines that the institution is unable to secure the necessary funds from non-Federal sources upon terms and conditions which are reasonable. However, no funds are currently available for this purpose.

III. Eligibility of Students

To be eligible for a National Direct Student Loan, a student must meet all of the general provisions listed in Chapter 2. In addition, the student must meet all of the student eligibility requirements which are common to College Work-Study, Supplemental Educational Opportunity Grant and the National Direct Student Loan programs as outlined in Chapter 4.

IV. Selection of Students

A. National Direct Student Loans must be made reasonably available to all eligible student applicants.

B. No loan may be made to a student who indicates an unwillingness to repay the loan. Delinquency on a prior loan or an established history of non-payments of debts may be taken as evidence of an unwillingness to repay the loan.

C. In the event sufficient funds are not available to meet the need of all applicants, the order of selection must be on the basis of need.

D. *Institutional Selection Procedures*

The institution must establish procedures for selecting among eligible students, in accordance with the policies under A, B and C above. These procedures must be:

1. Set forth in writing;

2. Available for public inspection;
3. Maintained in the files of the financial aid office.

E. Loans must be available to all levels of students and without discrimination.

V. Disbursement Of Loans

A. Loans may be disbursed directly to borrowers or may be credited to the borrowers' accounts at the institution. Payments must be evidenced in the institution's records by cancelled checks or vouchers. If the institution uses any other method of disbursement, the method must be evidenced by a clear audit trail including an acknowledgement of receipt by each borrower indicating the method of payment. Insofar as possible, it is desirable to credit students' accounts (tuition, room and board, etc.) rather than disbursing payments by check or cash directly to the student. This will assure funds are being used for educational expenses as required and in accordance with the Affidavit of Educational Purpose. In addition, this facilitates recovery of refunds resulting from students' withdrawing from the institution.

B. No borrower may receive a loan in excess of the amount he/she needs during a given academic period. In this connection, officials should refer to Section 144.14 of the NDSL regulations regarding overawards.

C. An institution making a loan to a student for a full academic year must advance a portion of that loan in each semester, trimester, or quarter if the institution uses such academic periods.

For institutions not using those academic periods, advances must be made at least twice per academic year with one advance at the beginning and the other at the midpoint of the academic year.

D. No more than half the loan may be advanced before the midpoint.

E. If, however, the total amount awarded to a student under the campus-based programs is $300 or less, only one advance need be made.

F. Loans for periods shorter than the academic year must be advanced to borrowers in installments that are deemed appropriate to enable borrowers to meet the costs reasonably necessary for their attendance during the academic period for which the loan was approved. In no event may the loan exceed the borrower's determined need.

G. If a student incurs uneven costs in a particular term, or needs additional funds for that term, the institution may advance those additional funds without regard to the requirements cited in section C above.

H. No payment may be made unless the borrower signs a notarized Affidavit of Educational Purpose as approved by the Commissioner. The affidavit must state that the proceeds of the loan will be used solely for expenses related to attendance or continued attendance at the institution. (See Appendix B-II for a sample approved Affidavit of Educational Purpose form).

I. At the time of disbursement, the institution must comply with the Truth in Lending Requirements of Regulation Z. If a loan is determined invalid because of non-compliance with Regulation Z, that loan will not be considered to be an NDSL.

J. A loan must be evidenced by a Promissory Note executed by the student borrower.

K. No advance may be made unless the institution determines that the borrower:

1. Is maintaining satisfactory progress in the course of study he/she is pursuing, according to the standards and practices of the institution;
2. Is not in default on any loan made from a student loan fund at that institution or on a loan made, insured, or guaranteed under the Guaranteed Student Loan program for attendance at such institutions;
3. Does not owe a refund on grants previously received for attendance at such institution under the Basic Educational Opportunity Grant program, the Supplemental Educational Opportunity Grant program, or the State Student Incentive Grant program.

L. Generally speaking, if the default on a loan or the refund due on a grant is corrected during the enrollment period for which the loan is approved, an advance may be made.

VI. Terms of National Direct Student Loans

A. Aggregate Amounts

The aggregate amounts of loans a student may receive from all institutions of higher education may not exceed:

1. $10,000 in the case of any graduate or professional student, including all prior amounts received;
2. $5,000 in the case of a student who has successfully completed two academic years of a program lending to a bachelor's degree including any such loans made before he/she successfully completed the two years (the maximum of $5,000 applies to any student until he/she is admitted to a graduate or professional program. Upon admission to a graduate or professional degree program, the $10,000 maximum applies).
3. $2,500 in the case of any student who has not completed two academic years of a program leading to a bachelor's degree.

B. Interest

National Direct Student Loans bear interest on the

unpaid balance at the rate of three percent per annum. No interest accrues until the beginning of the tenth month after the date the borrower ceases to carry at least one-half the normal academic load at an eligible institution of higher education.

C. Repayment Terms

1. The loan is to be repaid quarterly, bimonthly, or monthly at the option of the institution.
2. The repayment begins nine months after the student ceases to carry a one-half time work load and ends ten years and nine months after the date the student ceases to carry a half-time work load. The borrower may request that the payment period start at an earlier date.
3. Repayment of principal and interest is to be made in equal monthly, bimonthly, or quarterly installments as determined by the lending institution except that the borrower may request that payments be made in graduated installments. This repayment schedule must be approved by the lending institution and the Commissioner.
4. The institution has the option of requiring a minimum repayment of principal and interest of $30 per month or the equivalent amounts bimonthly or quarterly.
5. All or any part of the principal plus the accrued interest may be prepaid at any time without penalty.
6. At the option of the institution, the entire indebtedness plus interest accrued thereon may become immediately due and payable if a borrower fails to meet a scheduled repayment of any of the installments due.

VII. Advancement and Repayment of Loans

A. Pre-Loan Counseling

It is essential to the sound administration of the loan program that borrowers have as complete an understanding as possible of their responsibilities and rights under the program. It is strongly recommended that either individual or group counseling sessions be held with the borrowers prior to advancing the loan.

Pre-loan counseling sessions should set forth the nature and purpose of the program, clearly indicating the borrower's obligation to repay. Each borrower must be given a copy of the Promissory Note which sets forth the terms of repayment along with the borrower's rights and obligations. A discussion of the rights and obligations along with providing each borrower a statement of them is desirable. An opportunity should be given to borrowers to raise questions concerning their rights and obligations, and should also provide disclosure of interest rates and general terms of repayment.

Pre-loan counseling is a key factor in sound collection procedures. As a part of the pre-loan counseling session it is most desirable to have borrowers complete an information sheet which would provide useful information in sound collection procedures. This information should include:

1. Borrower's name and current address;
2. Permanent address of parents;
3. Telephone numbers of the borrower and parents;
4. Expected date of graduation;
5. Spouse's name and address;
6. Spouse's employer;
7. Name and addresses of two or three personal acquaintances;
8. Borrower's driver's license number.

Effective pre-loan counseling sessions will satisfy the initial requirement of due diligence of providing each borrower with full disclosure of rights and obligations. In addition, it will assist in locating borrowers who leave the institution without having the exit interview.

B. The Promissory Note

The Promissory Note is the legal document which binds the borrower to the repayment obligations, the terms of the act, and the Federal regulations and policies which govern the program.

1. Evidence of Indebtedness

Each loan advanced must be evidenced by a Promissory Note executed by the student borrower. The Note must be executed without security and without endorsement unless the borrower is a minor and the Note under the law of the State in which the lending institution is located would not create a binding obligation. In these cases, either security or endorsement may be required. (Note: It is imperative that aid administrators have knowledge of the laws governing Notes in their particular states).

2. Approved Note Form

An approved Note form is included in Appendix B of the NDSL Regulations. Except for the optional provisions, any substantive deviations from the provisions of this form must be approved by the Commissioner.

3. Types of Notes

An institution may use either an "open-end" Note or a "limited" Note. In either case the conditions and

terms of the Note as approved by the Commissioner must be used.

a. *The "Open-End" Note*

An advantage of the "open-end" Note is that it is not necessary to execute a new Note with each approved loan or disbursement. When the initial loan is approved for the borrower and the Note executed, the same Note can be used as long as the borrower continues to receive loans from the same institution and as long as the terms of the loan remain the same. (It should be noted that amendments to the act which would affect repayment terms or rights and responsibilities of the borrower would necessitate the execution of a new Note).

The "open-end" Note does not contain the specific amount of the approved loan on the face of the Note. A Schedule of Advances is made a part of the Note. At the time of each disbursement of a loan, the borrower enters the amount received, the date of receipt, and his/her signature in the Schedule of Advances.

b. *The "Limited" Note*

The "limited" Note must be executed each time a loan is approved or disbursed and would be limited in its use to no longer than one award period (usually one academic year). The specific amount of the approved loan must be entered on the face of the Note. If more than one disbursement is made of the approved loan, each disbursement must be entered in the Schedule of Advances accompanied by the borrower's signature. This should also be done even if the entire amount of the loan is made in a single disbursement as it provides further documentation of the receipt of the loan by the borrower.

4. Distinction Between Loan and Advance

In the preceding discussion of Promissory Notes reference has been made to approved loans and advances. It is important to clearly differentiate between these.

a. *An approved loan* is the amount which the approving official at the institution has approved for the borrower for the academic period of study which may not exceed an award period.

Approved loans may be disbursed in several installments with at least one installment each academic term (quarter, semester, etc.) or in at least two installments if such terms are not used. The approved loan may not exceed the borrower's need for the term for which it is approved.

b. *The advance* is the disbursement of the approved loan or a portion thereof by the institution to the borrower. Advances may be made directly to the borrower or by credit to the borrower's account at the institution. The date and amount of each advance must be appropriately noted in the Schedule of Advances on the Promissory Note and evidenced by the borrower's signature.

5. Provisions of the Promissory Note

The required and optional provisions of the Note are enumerated below. A more detailed discussion of the provisions will follow.

a. *Required Provisions*

(1) Rate of Interest
(2) Repayment terms
(3) Prepayment of Loan
(4) Default
(5) Deferment of payments and interest
(6) Cancellation provisions for teaching, military, death and disability
(7) Address change
(8) Assignment
(9) Certification of Prior Loans
(10) Schedule of Advances
(11) Borrower's signature and permanent address

b. *Optional Provisions*

The Act provides the institution with certain provisions the institution may include in the Note if the institution chooses to do so. In determining whether or not to include these provisions in the Note, the institution should keep in mind that the Promissory Note is the binding legal instrument setting forth the terms and conditions of the loan. If the optional provisions are not included in the Note, the provisions cannot be used in the collection of the loan. Legally the borrower is subject only to the provisions set forth in the executed Note. Inclusion of the optional provisions in the Note does not necessarily mean they must be enforced. It is therefore recommended that institutions include the optional provisions in the Note. The optional provisions are:

(1) *Cost of Collection Chargeable to the Borrower*

The institution, at its option, may insert after "I promise to pay to , the sum of such amounts set forth below" the following:

"together with all attorney's fees and other costs and charges necessary for the collection of any amount not paid when due."

(2) *Minimum Repayment*

If the institution so chooses, it may require a minimum repayment of $30 per month (or the equivalent amounts in bimonthly or quarterly repayment plans) of principal and interest in the event repayment over the ten year period would result in monthly payments of principal and interest less than a total of $30. (See Repayment Plans for a more detailed discussion of Minimum Rate of Repayment).

(3) *Penalty for Late Charges*

An institution may provide for the assessment of a charge for the failure of a borrower to pay all or any part of a payment when due or for failure to file timely requests for deferment or cancellation benefits.

(a) In the case of monthly payments, $1 for the first month or part thereof, and $2 for each subsequent month.

(b) In the case of bimonthly or quarterly payments, $3 and $6 respectively for each installment interval or part thereof by which such payment or evidence is late.

The institution may add this charge to the outstanding principal of the loan but must so inform the borrower prior to the due date of the next scheduled payment.

(4) *Security and Endorsement*

If the borrower is a minor and under applicable state laws a Note executed by a minor would not create a binding obligation, the institution may require security or endorsement.

6. Schedule of Advances

Each Promissory Note must contain a Schedule of Advances showing the date of the advance, the amount of the advance, and mus: bear the signature of the borrower acknowledging the advance.

7. Recording Previous Loans

a. Each borrower must certify on the Promissory Note all Direct or Defense loans received at other institutions. The certification must include amount of loan, date of loan, and the name of the instituion from which the loan was received.

b. The institution must maintain a record of all loans made to the borrower by the institution.

c. The aggregate amount of loans made to a borrower from all institutions may not exceed $10,000 in the case of a graduate or professional student, $5,000 in the case of an undergraduate student who has completed two years of a baccalaureate degree program, and $2,500 to a student who has not completed two years.

8. Attaching Repayment Schedules

A repayment schedule (plan) must be attached to the Note at the time the borrower leaves the institution. The Office of Education encourages an amortized repayment schedule setting forth the principal and interest due on each installment for the number of installments required to pay the loan in full.

The amortized repayment schedule is not a requirement. *As a minimum, the repayment schedule should set forth*:

a. The number of principal repayments or the number of equal repayments;

b. The rate of interest;

c. The date the first repayment is due; and

d. The frequency of repayments.

C. Disposition of the Promissory Note

1. Assignment or Transfer

a. The Note may not be assigned except to the United States (or to a party expressly approved by the Commissioner), or to another instution to which the borrower transfers if that institution is participating in the program, or if not participating, is eligible to do so and is approved by the Commissioner for receipt of the assignment of such Notes. In making the assignment or transfer, the assignor institution assigns all rights to monies collected under the assigned Note and the assignee institution accepts all responsibilities of the Note.

b. Under the institution's Agreement with the Commissioner, the institution may assign its rights under a Note evidencing a loan in default for at least two years to the United States provided the institution has exercised due diligence (as set forth in the regulations) in attempting to collect such a loan. The assignment of these rights to the United States will be without recompense, and any sums subsequently collected on the assigned Note will be deposited in the general fund of the Treasury. In order to make an assignment of such a Note, the institution must be able to satisfactorily demonstrate due diligence in its collection efforts such as systematic billing, use of skip trace, and use of a collection agency or other comparable institutional collection procedures.

c. Except as provided in a and b, the Promissory Note may not be assigned or transferred.

2. Copies of the Note

At the time the loan is made, two copies of the Promissory Note are executed. The original copy is retained by the institution, and the other is given to the borrower. When the borrower leaves school, he/she should receive a copy which shows all advances made.

3. Changes in An Executed Note

If an error should be discovered in an executed Note, the institution should obtain legal advice as to the appropriate action to be taken. In such instances, the approval of all changes should be indicated by the initials or signatures of all primary parties to the Note.

4. Safeguarding the Note

Promissory Notes must be maintained in good order in a locked fireproof container. Only authorized personnel may have access to the Notes.

5. Repaid Notes

An institution must retain all financial and repayment records pertaining to any individual loan made for not less than five years from the date on which the entire amount of the loan has been repaid, cancelled, or assigned.

Microfilm copies may be substituted for original records in meeting this requirement.

When a loan has been repaid, the institution should mark the Note "Paid in Full", have it certified by an official of the institution, and surrender the Note to the borrower. The institution must retain a photostatic or other reproduced copy of the Note for a period not less than five years after the date the loan was repaid in full.

D. Interest

1. Rate of Interest

The loan bears interest on the unpaid balance at the rate of three percent per annum except that no interest accrues until the beginning of the tenth month after which the borrower ceases to pursue at least a half-time course of study at an institution of higher education. (On loans made prior to November 8, 1965, interest does not begin to accrue until one year from the date the borrower ceases to pursue a half-time course of study).

In addition, interest does not accrue on the loan as follows:

a. During any period in which the borrower is carrying at least a one-half time work load at an institution of higher education or a comparable institution outside the United States approved by the Commissioner;

b. Not in excess of three years during which the borrower is a member of the Armed Forces of the United States; and

c. Not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act or is a VISTA volunteer under Title I, Part A of the Domestic Service Act of 1973.

2. Computation of Interest

a. Interest is computed at the rate of three percent per annum simple interest on the unpaid principal balance.

b. Interest should be computed from the date when the payment is received rather than from the due date; however, interest charges may be computed

(1) to the nearest first-of-the-month, or

(2) in accordance with the established schedule of payments of principal and interest if the borrower is paying on a regular basis in accordance with the schedule.

c. In the case of past due payments, interest should be computed based on the date received. The payments should first be applied against accumulated interest with any remaining amount applied to the principal. Generally, if the past due payment is received prior to the next regularly scheduled payment, the established schedule of principal and interest payments may be applied

VIII. Loan Payment

A. General

Both the National Defense Education Act of 1958 and Higher Education Act of 1965 as amended stipulate ten year repayment periods; however, they differ in their provisions which define the starting date of the repayment period. As a result, institutions participating in the program prior to the 1965-66 academic year will find it necessary to collect their loans over varying periods.

1. Borrowers who completed their study prior to November 8, 1965 will repay their loans over a period which was determined by the terms of the National Defense Education Act of 1958 or as amended by P.L. 88-665.

2. Some borrowers received loans prior to November 8, 1965 and also had new loans committed and advanced after November 8, 1965. These borrowers are subject to the terms of the original Act for loans prior to November 8, 1965 and to the terms of the Higher Education Act of 1965 as amended for loans made or committed after November 8, 1965.

3. Borrowers whose total loans were approved after November 8, 1965 will repay their loans in accordance with the terms of the Higher Education Act of 1965 as amended.

B. Repayment Period Established by the Original National Defense Education Act of 1958

The National Defense Education Act provided that borrowers must repay their loans, plus interest thereon, in annual installments over a ten year period beginning one year after the date on which they cease to pursue a full-time course of study (or on or after October 16, 1964 cease to pursue at least a half-time course of study as set forth in P.L. 88-665) at an institution of higher education and ending eleven years after such date.

C. Repayment Period Established by Higher Education Act of 1965

The Higher Education Act of 1965 as amended provides that borrowers must repay their loans, plus interest thereon, in quarterly, bimonthly, or monthly installments over a ten year period beginning nine months after the date on which they cease to carry, at an institution of higher education or at a comparable institution outside the United States approved by the Commissioner, at least one-half the normal full-time academic work load as determined by the institution, and ending ten years and nine months after that date. The period may begin earlier at the request of the borrower.

D. Period of Grace

1. Definition

The interval between termination of at least half-time study and beginning of the repayment period is termed "the period of grace."

2. Non-Accrual of Interest

The Act specifically provides that during this period repayment need not be made and that interest does not accrue.

3. Determination of Period of Grace

The period of grace provided an individual borrower will be determined in accordance with the terms governing the Promissory Note executed at the time the loan was approved.

a. For Notes subject to *annual* repayment terms (that is, for loans committed and on which an advance was made on or before November 8, 1965), the period of grace consists of twelve consecutive months from the time the borrower ceases to pursue at least a half-time course of study (or prior to October 16, 1964, a full-time course of study) at an institution of higher education in a state or a comparable institution outside the States.

b. For Notes subject to *monthly, bimonthly,* or *quarterly* repayment terms (that is, for new loans made after November 8, 1965), the period of grace consists of nine consecutive months from the time that the borrower ceases to pursue at least a half-time course of study at an institution of higher education in a state or a comparable institution outside the States.

c. The grace period (nine or twelve consecutive months, whichever is applicable) is calculated from the first-of-the-month nearest to the day when the borrower leaves the institution unless the institution chooses to use the actual date of separation.

4. Expiration of Period of Grace

The period of grace will expire upon determination that the borrower has been away from eligible student status for a *continuous period of nine or twelve months*, whichever is applicable. It is important to note that the period must be continuous for the full applicable period. Borrowers returning to eligible student status before the expiration of nine or twelve continuous months, whichever is applicable, would receive the nine or twelve month period of grace on their subsequent departure from eligible student status.

If, after borrowers have been accorded the period of grace on one loan, they should later resume at least a half-time course of study at the same or another institution and receive additional loans, they would be entitled to another period of grace only for those additional loans.

E. Deferments Extending Repayment Period

1. Student Status, Military, Peace Corps, VISTA

Installments of principal need not be paid and interest does not accrue on the loan during any period:
(1) in which the borrower is carrying at least a half-time course of study at an institution of higher education in a State or at a comparable institution outside the States approved by the Commissioner;
(2) not in excess of three years during which the borrower is a member of the Armed Forces of the United States, or is in service as a volunteer under the Pease Corps Act, or is a VISTA volunteer under Title I-Part A of the Domestic Service Act of 1973. *Any such periods are not included in determining the ten year repayment period.*

The above-listed deferments are available to both Defense loan and Direct loan borrowers. Additionally, for Defense loans only, an institution may, at its option, provide that repayment installments may be deferred during any period or periods not in excess of three years while the borrower is enrolled at an institution of higher education for *less than half-time study taking courses which are creditable toward a degree.* The institution may also provide that any period of deferment will not be included in determining the ten year period in which the repayment must be completed, *but interest continues to accrue during any such period.*

2. Special Extensions

In addition, if students who have borrowed from a Fund, due to extraordinary circumstances such as illness or unemployment are unable to meet their scheduled repayments when due, the institution may

revise their repayment schedules. Where the revision would involve an extension of the repayment period beyond the ten year period, the Commissioner must be notified in the case of Defense Loans (loans made prior to July 1, 1972). In the case of Direct Loans (loans made subsequent to July 1, 1972), such action extending the ten year period must have prior approval of the Commissioner. *Interest continues to accrue during these periods of deferment.*

3. **Certification Procedure**

a. *Responsibility of the Borrower*

Borrowers who desire to request deferment must submit their requests to the lending institution on a properly completed form, "Request for Deferment of Repayment Because of Armed Force, Student, Peace Corps, or VISTA status." This certification form, which the borrower should obtain from the lending institution, should be submitted when the first repayment installment is due following the borrower's entering into eligible status. This certification form must be filed at least annually for so long as the deferment is claimed. In addition, the borrower should report any change of status immediately to the lending institution.

b. *Institutional Responsibility*

It is the responsibility of the institution to approve or disapprove and file the deferment forms after making appropriate notations on its records. This is the institution's responsibility and cannot be delegated. If the request for deferment is based upon enrollment in a foreign institution of higher education and there is question whether that institution qualifies as a "comparable institution outside the U.S.", the name and location of the institution should be submitted to the OE Regional Office for approval.

In approving these deferments, the institution must ensure that the appropriate form is properly completed, making certain (1) in the case of student status, the period of at least half-time enrollment of the borrower is indicated and certified by the registrar of the institution as an eligible institution of higher education; and (2) in case of military, Peace Corps, or VISTA status, that the period of service is properly indicated and properly certified by an official of the respective organization authorized to so certify. Additionally, the institution must further ensure that no more than three years of such service is deferred. A borrower who receives loan cancellation for a year of military service is deemed to have used one year of his/her entitlement to deferment for military service.

F. Establishing Payment Dates

1. First Payment Date

Immediately upon completion of the grace period, the 10 year repayment period begins, and simple interest on the loan at the rate of three per cent per annum starts to accrue. At this point the borrower's repayment date is established. The dates of first payment are as follows:

a. *Annual Repayment*

First payment due one year from the date of the expiration of the grace period (two years after ceasing to be at least a half-time student).

b. *Monthly Repayment*

One month from the date of the expiration of the grace period (10 months from date he/she ceased to be at least a half-time student).

c. *Bimonthly Repayment*

Two months from the date of the expiration of the grace period (12 months after ceasing to be at least a half-time student).

d. *Quarterly Repayment*

Three months from the date of the expiration of the grace period (one year from the date he/she ceased to be at least a half-time student).

2. Establishment of Standard Repayment Dates

For purposes of uniformity, administrative ease, and economy, an institution may establish standard or uniform repayment dates for borrowers under quarterly repayment schedules. For borrowers subject to quarterly repayment terms, the institution may establish the repayment date as the first day of the calendar quarter following the expiration of the grace period plus three months. Four standard dates would be used: January 1, April 1, July 1, and October 1.

BORROWERS' TERMINATION DATE	GRACE PERIOD ENDS	FIRST INSTALLMENT DUE
January 1	September 30	January 1
February 1	October 31	April 1
March 1	November 30	April 1
April 1	December 31	April 1
May 1	January 31	July 1
June 1	February 28	July 1
July 1	March 31	July 1
August 1	April 30	October 1
September 1	May 31	October 1
October 1	June 30	October 1
November 1	July 31	January 1
December 1	August 31	January 1

In all such instances, the repayment schedule must be adjusted so that the total amount scheduled to be repaid will be scheduled for completion within the normal period required by statute or as prescribed in the terms of the note. It is recommended that the corrective adjustment of principal and interest be made on the first installment.

G. Computation of Payment Involving Deferment

1. Advantages for Payment Date to Remain Fixed

It is advantageous for collection and bookkeeping purposes to have a payment date remain fixed once it has been established. If the borrower is entitled to a deferment, problems may arise in the computation of the payments due. Once the payment date has been established, the following procedures are recommended:

a. When the period of grace has expired on a loan, interest is charged on the unpaid balance for any portion of a scheduled installment period for which the borrower does not have a deferment.

b. The payment date remains fixed and the borrower, if he/she has filed a certificate of deferment for a fraction of a scheduled installment period, is obligated to make payments of interest and principal for the fraction of such period which is not covered by the deferment.

c. If, on the due date, the borrower is still in a deferred status, interest and principal payments need not be made *at that time* for any fraction of a scheduled installment period for which there was no deferment. Such a case would be handled as follows:

(1) *Interest payment due* is carried over and is paid on the next due date as a part of the total of all interest accrued by that date.

(2) *Principal payment due* for the fraction of the period which is not covered by deferment is added as part of the total payment and is extended by the amount of elapsed time for which there was a deferment.

2. Deferment Period

a. When borrowers file a certificate of deferment covering a full academic year or its equivalent, they are entitled to deferment for the period of twelve months from the last repayment date immediately preceding the beginning of their deferred status.

b. If borrowers file a certificate which covers only a portion of an academic year, their deferred status applies only during the actual period they are in eligible deferred status and their next payment becomes due on the next regularly scheduled repayment date.

c. A loan in deferred status is not considered delinquent even if past due at the time deferred status was granted.

d. Upon completion of borrowers' eligible period for deferment, their next payment becomes due on the next regularly scheduled repayment date.

IX. Repayment Plans

A. General

The institution is required to furnish each borrower with a repayment schedule (plan) setting forth as a minimum the number of principal repayments, or the number of equal payments as the case may be, the rate of interest, the date the first repayment is due, and the frequency of repayments.

The Office of Education encourages the use of an amortized repayment schedule setting forth the amount of principal and interest due on each installment for the number of installments required to pay the loan in full.

B. Loans Subject to Annual Repayment

Borrowers whose loans were made on or before November 8, 1965 have the right to a full ten year period in which to pay their loans in equal annual installments or in graduated periodic installments, under officially approved plans.

C. Loans Subject to Quarterly, Bimonthly, or Monthly Repayments

The Higher Education Act of 1965, as amended, provides that the principal amount of a loan, together with the interest thereon, is to be repaid in equal installments (or, if the borrower so requests, in graduated periodic installments in accordance with schedules approved by the Commissioner) payable quarterly, bimonthly, or monthly at the option of the institution.

The above terms are applicable to all loans made after November 8, 1965 with the following exceptions:

1. If a loan commitment was made on or prior to November 8, 1965, and an advance was made pursuant to that commitment before that date, all further advances made on that commitment through the end of the 1965-66 academic year may be made under the same terms and conditions as the initial advance (See Annual Repayment).

2. Loans made to a borrower on or before November 8, 1965 may be made applicable to quarterly, bimonthly, or monthly repayment terms and consolidated with loans subsequent to November 8, 1965 provided both the borrower and the institution give their consent. Such consent on the part of borrowers would be indicated by their agreement to execute a new Note in which their earlier loans would be consolidated and made repayable under the revised

terms. (The option of requiring a minimum payment of $15 a month may not be applied to any loans outstanding on November 8, 1965.)

D. Minimum Rates of Payment

1. Defense Loans

a. The Higher Education Act of 1965 provides the institution the option to require the student borrower to make minimum payments of principal and interest at a monthly rate of not more than $15 a month (or the equivalent thereof on bimonthly and quarterly payments) provided the required payments of equal installments of principal and interest were less than $15 a month over the full ten year repayment period. *The $15 minimum repayment option applies to loans made between November 8, 1965 and July 1, 1972.*

b. *Application of Minimum Repayment Where the Borrower Has Received Loans at More Than One Institution*

(1) Where one institution exercises the $15 minimum repayment option and the other institution does not exercise the option (amortizes the loan over the full ten year period) and the total monthly repayments of the borrower are less than $15 a month, repayment is made as follows:

(a) The institution not exercising the minimum repayment option would receive the amount due under its established 10 year repayment plan.

(b) The institution exercising the minimum repayment option would receive the difference between the payment of principal and interest to the other institution and $15. If the institution, without applying the option, would be entitled to an amount of principal and interest greater than the differential, then the institution would be entitled to that amount. (Amount based on a ten year repayment plan of equal monthly installments).

(2) If a borrower has obtained Defense Loans from more than one institution and each of the institutions exercises the minimum repayment option, the $15 minimum repayment is divided among the institutions in proportion to the total amount of principal advanced by each institution.

2. Direct Loans

a. The Education Amendments of 1972 increased the option for minimum repayment to $30 provided the required payments of principal and interest would result in payments of less than $30/month if amortized over the full ten-year repayment period. *The $30 minimum repayment option applies to loans made on or after July 1, 1972.*

b. *Application of Minimum Repayment Where the Borrower Has Received Loans at More than One Institution.*

The same application applies as is outlined for Defense Loans (D 1 b.) except that $30 should be inserted for $15.

3. Borrowers Receiving Both Defense and Direct Loans

a. If the sum of the monthly amount of repayments of principal and interest that a borrower would be required to repay on his or her Defense and Direct Loans under the ten year repayment plan *is at least $30 monthly*, the institution may not exercise the option provided in either Promissory Note to increase the monthly repayment amount. The effect is that the maximum minimum monthly repayment required may not exceed $30 (or the equivalent amount on bimonthly or quarterly payments).

b. If the sum of the monthly amounts of repayments over the ten year period is less than $30, the institution may not exercise the minimum repayment option to require a monthly repayment greater than $30 (or the equivalent amount for loans paid bimonthly or quarterly). The effect is that the institution may not invoke both the Defense Loan option of $15 and the $30 Direct Loan Option. In no case may the institution exercising the minimum repayment option require a payment of principal and interest greater than $30 monthly if the otherwise required payment would be less than $30.

c. If the sum of the monthly repayment amounts of principal and interest that borrowers would be otherwise required to repay on Defense and Direct Loans is less than $30, the amount required on the Defense Loan is less than $15, and the institution exercises its option for a minimum monthly repayment under one or both loans, no more than $15 may be attributed to the Defense Loan and then only if the institution exercises its option on the Defense Loan.

X. Cancellation Of Loans

The National Defense/Direct Student Loan Program provides for cancellation of loans in six categories. The six categories are teaching, Head Start, military, death, disability, and bankruptcy. Eligibility for cancellation benefits will vary with the dates of the loans as several amendments have been made regarding cancellations. The Education Amendments of 1972 discontinued for Direct Loans certain provisions which applied to Defense Loans. Teacher cancellation

is based on duties as presented in an official position description, not on the position title.

A. Defense Loans (Prior to July 1, 1972)

1. Teacher Cancellation

a. A borrower is entitled to have up to fifty percent of any loan plus the interest thereon cancelled for service as a *full-time teacher in* (1) *a public or other non-profit elementary or secondary school in a State*, (2) *an institution of higher education*, or (3) *an elementary or secondary school overseas of the Armed Forces of the United States*, at the rate of 10 percent of the total amount of the loans plus the interest thereon for each complete academic year or its equivalent of such teaching service.

b. A borrower is entitled to have the entire amount of any loan plus the interest thereon cancelled for service as a full-time teacher in *a public or other non-profit elementary or secondary school in which there is a high concentration of students from low income families* as may be designated by the Commissioner after consultation with the state educational agency of the state (these schools will be designated each year in the FEDERAL REGISTER) at the rate of fifteen percent of the total amount of the loans plus the interest thereon for each complete academic year or its equivalent of teaching service. Cancellation is available only for teaching service beginning with the 1966-67 academic year.

c. A borrower is entitled to have the entire amount of any loan plus the interest thereon cancelled for *service as a full-time teacher of handicapped children* in a public or other non-profit elementary or secondary school system at the rate of fifteen percent of the total amount of the loans plus the interest thereon for each complete academic year or its equivalent of such teaching service. This benefit is available for teaching service beginning with the 1967-68 academic year.

2. Military Cancellation

A borrower is entitled to have up to 50 percent of any loan made after April 13, 1970 but before July 1, 1972 plus the interest thereon cancelled for services after June 30, 1970 as a member of the Armed Forces of the United States at the rate of 12-1/2 percent of the total amount of the loans plus the interest thereon for each year of consecutive service as a member of the Armed Forces.

3. Death

Any loan made and the interest thereon may be cancelled on the death of the borrower.

4. Permanent and Total Disability

Any loan and the interest thereon may be cancelled if the borrower becomes permanently and totally disabled after receiving the loan.

5. Bankruptcy

A loan may be cancelled upon receipt of an official notice of discharge in bankruptcy from the bankruptcy court.

B. Direct Loans (after June 30, 1972)

1. Teacher Cancellation

a. A borrower is entitled to have the entire amount of any loan plus the interest thereon cancelled for services as a full-time teacher in a public or other non-profit elementary or secondary school in which there is a *high concentration of students from low income families* as may be designated by the Commissioner after consultation with the state educational agency of the state (these schools will be designated each year in the FEDERAL REGISTER).

b. A borrower is entitled to have his entire loan cancelled for service as a *full-time teacher of handicapped children* in a public or other non-profit elementary or secondary school system.

c. The rates of cancellation for teachers in low-income schools and for teachers of the handicapped are as follows (rates apply to percentage of total amounts of loans plus interest thereon. Each year must be a complete academic year or its equivalent):

First Year - 15%
Second Year - 15%
Third Year - 20%
Fourth Year - 20%
Fifth Year - 30%

d. There is no provision for cancellation of Direct Loans for teaching service in higher education or for teaching in elementary or secondary schools other than teaching in low income schools or teaching the handicapped.

2. Military Cancellation

A borrower is entitled to have up to fifty percent of any loan made under this part after June 30, 1972 plus the interest thereon cancelled for service as a member of the Armed Forces of the United States in an area that qualifies for special pay under section 310 of Title 37 of the U.S. Code at the rate of 12-1/2 percent of the total amount of the loan plus the interest thereon for each year of qualifying service.

3. Death

Any loan made under this part and the interest thereon may be cancelled upon the death of the borrower. (Note: The Amendments of 1976 apply death and disability cancellation retroactively to all Defense and Direct Loans whenever made.)

4. Permanent and Total Disability

Any loan and the interest thereon may be cancelled if the borrower becomes permanently and totally disabled after receiving the loan.

5. Head Start

A borrower whose loan was made after June 30, 1972 is entitled to have the entire amount of such loan plus the interest thereon cancelled for services as a full-time staff member in a pre-school program carried out under section 222(a)(1) of the Economic Opportunity Act of 1964 (Head Start) if that program is operated for a period which is comparable to a full school year in the locality. However, the borrower's salary as a full-time staff member may not be more than the salary of a comparable employee of the local educational agency in the area served by the pre-school program. Loans are cancelled at the rate of 15 percent of the total amount of loans plus the interest thereon for each complete school year or its equivalent of such service.

6. Bankruptcy

A loan may be cancelled upon receipt of an official notice of discharge in bankruptcy from the bankruptcy court.

C. Responsibility for Determining Cancellation Benefits

1. Responsibility of the Institution

The responsibility for determining whether borrowers are entitled to have any portion of their loans cancelled rests with the institution to whose Fund such loans are payable upon receipt and approval of an application for cancellation from such students, to be provided in a form specified by the institution. This responsibility cannot be delegated.

2. Forms and Documentation Required

a. *Teacher Cancellation*

(1) Borrower must file a "Request for Partial Cancellation of Loan Due to Teaching Service."

(2) Request form must be signed by an authorized official in the school system certifying the teaching service.

(3) Before granting teacher cancellation benefits at an accelerated rate for Defense loans or for Direct loans, the institution must insure that the school at which the teaching service was performed appears on the list of schools published in the FEDERAL REGISTER for teaching service during the academic year in which the borrower taught. Because the statutory conditions governing the compilation of these lists vary between Defense loans and Direct loans, it is possible for a particular school to be an eligible school for accelerated cancellations for Defense loans only, Direct loans only, or both, for a particular academic year.

b. *Military Service*

(1) Borrower must file a "Request for Partial Cancellation of Loan for Military Service".

(2) The request form must be signed by the Commanding Officer certifying the dates of service and whether or not the borrower qualifies for special pay under Section 310 of Title 37, United States Code.

c. *Death*

Institution must secure a copy of the death certificate or other proof as required under state law.

d. *Disability*

(1) Medical evidence supplied by the borrower or his/her representative including statements from all doctors, hospitals, or agencies concerned with the case.

(2) Recommendation of the lending institution subject to the approval of the Commissioner.

e. *Bankruptcy*

Official notice of discharge in bankruptcy from the bankruptcy court.

3. Cancellation Provision Not Retroactive

No portion of any loan may be cancelled for services performed by borrowers prior to the date of execution of their loan notes.

D. Exclusion of Refunds

The refunding of any repayment of a loan is not authorized, except a refund will be allowed where an overpayment is made by a borrower as a result of an institutional error. This implies that an institution will keep a borrower informed of any new benefits such as added cancellation provisions.

E. Postponement of Payments

1. An institution may postpone loan repayments for a twelve month period if the borrower:

a. will be teaching or providing other services which would enable him to have a portion of his loan cancelled; and

b. has submitted a statement signed by a responsible official of the military agency, school, or institution employing the borrower that the borrower will be so employed. The statement should include the borrower's job description, the period of employment, and the full-time or part-time nature of the employment.

2. If a borrower has received both Defense Loans and Direct Loans and is eligible for cancellation benefits on only one of those loans, only the loan repayments due on the loan for which cancellation is available may be postponed.

3. Postponements may also be granted for anticipated deferments in the same manner as described for anticipated cancellations.

F. Reimbursement by the Commissioner of Amounts Cancelled

1. Defense Loans

a. With respect to loans made before July 1, 1972, the Commissioner will reimburse each institution each award period for loss of principal and interest during that award period resulting from cancellations for teaching service or military service. The reimbursement is an amount which bears the same ratio to the interest which has been prevented from accruing and the portion of the principal which has been cancelled as the total amount of the institution's capital contributions to its Fund bears to the sum of the institution's capital contributions and the Federal capital contributions to such Fund (usually ten percent).

b. Reimbursements to the institution for amounts cancelled on Defense Loans represent institutional funds and may be used at the discretion of the institution.

c. *No reimbursement* will be made to the institution for cancellations due to death, disability, or bankruptcy.

2. Direct Loans

a. On loans made after June 30, 1972, the Commissioner will pay to each institution for deposit into its Fund, for each award period, the amount of principal and interest thereon, which has been cancelled from its student loan Fund for that year for Teaching, Military, or Head Start Service.

b. All such reimbursements (payments) to the institution by the Commissioner for cancellations under Direct Loans *must be deposited* to the institution's National Direct Student Loan Fund.

c. No reimbursement will be made to the institution for cancellations due to death, disability, or bankruptcy.

XI. Collection Procedures

A. Due Diligence

Each institution must exercise due diligence in the collection of amounts due and payable to its Fund. In the exercise of this responsbility each institution must consistently use extensive and forceful collection procedures. In order to fullfill the requirement of due diligence, an institution must:

1. Provide to all borrowers, not later than the time when they sign their Promissory Notes, full disclosure of their rights and obligations thereunder.

2. Conduct an exit interview with all borrowers prior to their leaving the institution. The exit interview may be conducted either on an individual basis (preferred) or in groups. During the exit interview, borrowers must be:

a. Provided a detailed explanation of their obligations and rights.

b. Provided with a copy of their repayment plan (schedule).

c. Advised of their responsibility to inform the institution immediately of any change of address.

d. Advised of the full amount of their loan including the interest rate.

e. Advised of the date and amount when the first payment becomes due.

f. Advised of their responsibility to contact the institution prior to the due date of any installment if payment cannot be made for any reason.

g. Advised of rights and procedures regarding postponement, deferment, or cancellation.

h. Advised of their rights to accelerate loan repayments without penalty.

i. Advised of any optional features of the Note (minimum repayment, penalty charges, collection charges).

j. The institution must also have the borrower sign a copy of the repayment schedule and must place that copy in the borrowers file.

3. If borrowers leave the institution without notice, the institution should mail the borrowers a copy of their Note and two copies of their repayment schedule and request the borrowers to sign and return one of the copies of the repayment schedule.

4. The institution must maintain contact with borrowers after their leaving the institution in order to facilitate billing and to keep them informed of all changes in the program affecting their rights and obligations.

5. The institution must contact the borrower no less than three times before the first payment is due, as follows:
   a. 90 days into the grace period
   b. 180 days into the grace period
   c. no less than 30 days preceding the due date of the first installment.
6. Regular billing and follow up procedures must be established during the period in which any outstanding balance remains unpaid.
7. An institution unable to locate a borrower in spite of its established billing and follow up efforts must either engage the services of a commercial skip-trace organization or perform equivalent skip-tracing activities with its own personnel.

B. Use of a Billing Service

1. An institution may use a billing service to carry out its required billing procedures. In so doing, the ultimate responsibility for making decisions relative to the making and collection of loans and cancellation and deferment of loans must remain with the institution. This responsbility cannot be delegated.
2. The costs incurred by the institution for such a billing service cannot be deducted from the Fund, except to pay for skip-trace activities and telephone calls to delinquent borrowers.

C. Use of a Collection Agency

If an institution is still unable to attain payment from a borrower after performing due diligence, it must use the services of a collection agency, or perform the required collection activities with its own personnel, or resort to litigation. The NACUBO publication, *Student Loan Collection Procedures*, contains helpful information on the use of a collection agency.

D. Costs of Collection

1. Reasonable costs incurred by the use of a commercial skip-trace agency or by the use of a collection agency and the costs of telephone calls in locating lost borrowers are considered other collection costs and may be charged to the Fund except that any collection costs paid by the borrower may not be charged to the Fund.
2. If an institution elects to perform its own collections, rather than to use a collection agency, its actual costs of collection including salaries may be considered "other collection costs" and charged to the Fund so long as the costs do not exceed the costs that would have been permitted if the institution had used a commercial collection agency.
3. Reasonable *litigation costs* may be charged to the Fund.

E. Bankruptcy

1. An institution must refrain from collection activity in the event the borrower is adjudicated a bankrupt and the loan has been discharged.
2. No such loan may be written off until an official notice of the discharge in bankruptcy has been received by the institution.
3. Any payments received from a borrower after his discharge in bankruptcy may be deposited to the institution's Fund.

F. Overdue Payments and Default

1. Overdue Payments

If a borrower fails to make a payment or to file an appropriate cancellation or deferment form by the due date, the institution must follow the procedures prescribed in section 144.44 of the NDSL regulations.

Within 15 days of the missed due date, the institution must contact the borrower by telephone or in writing to demand payment. A second effort, if necessary, must be made within 45 days of the missed date. If the borrower does not respond satisfactorily to those contacts, a third effort must be made by mailgram or telephone within 15 days of the second contact. If a satisfactory response is not received, a final demand letter must be sent within fifteen days of the third contact (i.e., within 75 days of the missed due date). The final demand letter must give the borrower 30 days to repay and inform him or her that the loan will be referred for collection or litigation unless a satisfactory response is received within that time. If the institution intends to accelerate the loan or has already done so, that fact must also be stated in the final demand letter.

If a satisfactory response is not received to the final demand letter, the institution must contact the borrower by telephone before referring the loan for collection or litigation. This telephone call may be made within the 30 days the borrower was given to respond to the final demand letter or after the expiration of the 30 days. The purpose of the telephone call is to find out whether the borrower's reason for non-response is financial hardship such as prolonged illness or unemployment. If it is, the borrower should be given a hardship deferment. This telephone call should be made by a person skilled in making telephone collections.

If the loan is referred for collection and the borrower still fails to pay, the institution must decide whether the borrower has the ability to pay. It must sue for payment if the indebtedness is at least $500 and the

borrower (1) can be located, (2) has assets which may be used to satisfy the indebtedness, and (3) has no known defense (e.g., the statute of limitation).

2. Default

If an institution has reason to believe that a borrower does not intend to honor his or her commitment to repay the loan, it may consider the loan defaulted and send the final demand letter. If the borrower does not respond within 30 days, the institution may refer the note to a collection agency.

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The Guaranteed Student Loan Program

I. Program Profile

A. Introduction

Throughout our revision of the Guaranteed Student Loan Program (GSLP) chapter of the Student Financial Aid Handbook, two recurring problems shaped the development of this document. First, because of the considerable variation among the policies, procedures, and regulations of the various guarantee agency programs as compared to the Federal Insured Student Loan Program (FISLP), it has been difficult to provide concise guidelines which apply uniformly to both components of the program. While we have made a serious effort to produce a Handbook which is both comprehensive and useful, the user will notice a more comprehensive description of the FISLP in various respects. With regard to such routine but essential matters as the completion of a student loan application form, for example, it is practically impossible to provide instructions which would encompass all of the various forms being used by all of the guarantee agency programs as well as the FISLP.

The second source of difficulty is the regulatory and legislative complexity of the GSLP. The legislative enactments of 1976 and 1977 had extensive impact upon the program. Upon the effective date of any legislative amendment, the provisions of that amendment supersede any existing regulation that is in conflict with the legislative change, and must be adhered to by all participating schools. Bulletin No.S11, dated January 12, 1977, outlines the effects of the Education Amendments of 1976 upon schools' participation in the GSLP. Proposed regulations providing implementation and interpretation of the legislative amendments of 1976 and 1977 were published in the *Federal Register* on April 5, 1978, and a public comment period ended on May 20, 1978. Until such time that final regulations are published and effective, however, schools must use their own interpretation in adhering to the provisions of the new legislation, except where guidelines have been previously published.

The new regulations will also incorporate various policy changes which do not result specifically from the legislative amendments. Until the final regulations are published and effective, participating schools will not need to adhere to these policy changes. However, because the new requirements are expected to become effective sometime during academic year 1978-79, we believe it would be useful to inform schools in this Handbook of intended policy or procedural changes. Therefore, we have indicated wherever necessary when a particular provision is not yet effective.

B. Legislative Authority

The Guaranteed Student Loan Program (GSLP) is authorized by Title IV, Part B, of the Higher Education Act of 1965, P.L. 89-329, as amended (20 U.S.C. 1071-1087-4). Other applicable legislation includes the General Education Provisions Act (20 U.S.C. 1221-33h), and parts of Title IV, Part F, of the Higher Education Act of 1965 (20 U.S.C. 1088-88g).

C. Program Purpose

The primary purpose of the Guaranteed Student Loan Program is to make low-interest, long-term loans available to students to help them meet their postsecondary educational expenses. The program itself provides benefits under loan guarantee programs of State and private non-profit agencies and, in limited circumstances, under a program of Federal loan insurance. The objective of the program is to provide loans to students attending eligible institutions of higher education; eligible vocational, technical, business, and trade schools; and eligible foreign institutions. The program is designed to use private loan capital supplied primarily by commercial lenders, but also by some State agencies and educational institutions acting as lenders. These loans are guaranteed either by individual State or private non-profit guarantee agencies (reinsured by the Federal government) or directly by the Federal government, specifically the Office of Education. The goal is to provide students the broadest possible access to loan capital without the usual constraints of credit-worthiness and provisions of collateral to secure loans that are characteristic of the commercial loan process. Such broad access to loan capital is intended to provide students with freer access to postsecondary education and a wider choice

in selecting the types of institutions which they wish to attend.

Guaranteed loans are an important supplement to other Federal, State, and private programs of student financial aid. During Fiscal Year 1977 approximately 14,100 lenders made about 941,000 loans to students attending about 8,100 eligible educational institutions. The average loan amount per student during the same period was about $1,560.

II. Program Operations

A. General

The Guaranteed Student Loan Program depends for its successful operation upon the cooperation and interaction of several distinct institutions, agencies, and constituencies. These include lending and educational institutions, State and private nonprofit guarantee agencies, the Bureau of Student Financial Assistance within the Office of Education, and the Student Loan Marketing Association (Sallie Mae). Section II briefly outlines the functions of each of these essential elements and describes in the process the fundamental aspects of program operation:

1. Lending Institutions

The loan principal for student loans is provided by lenders such as commercial banks, savings and loan associations, credit unions, insurance companies, pension funds, eligible educational instutitions, and State agencies. To participate in the program, an eligible lender enters into an agreement with the Office of Education or with the applicable guarantee agency. A list of participating lending institutions for any given geographical area is available from the nearest Regional Office of Education. The Education Amendments of 1976 (P.L. 94-482) specifically prohibits correspondence schools from being lending institutions.

The Federal Equal Credit Opportunity Act (ECOA) prohibits lenders from discriminating against student loan applicants on the basis of the applicant's race, color, religion, national origin, sex, marital status, age, because all or part of the applicant's income is derived from any public assistance program or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Each financial aid officer should advise students, however, that lenders participate in the Guaranteed Student Loan Program entirely on a voluntary basis. Lenders make loans from their own resources or from funds held in trust and available for such loans, and lenders frequently establish internal policies which restrict the number of loans being made at any time. Such policies may include allocating limited funds to their student loan portfolio, limiting loans to students who have an account with the lending institution prior to submission of the loan application, limiting loans only to residents of the State or geographic area in which the lending institution operates, or imposing various other restrictions on the number of loans that may be made. Internal policies such as those described above are legitimate as long as they do not violate ECOA restrictions against discrimination.

In order to fulfill its obligation to the program, a lender must also use reasonable care and diligence in making, servicing, and collecting all loans. Due diligence must begin before the loan applications are processed and should continue through the making, in-school, grace period, and collection process for each loan. Basically, the due diligence requirements provide that a lending institution must exercise loan servicing and collecting procedures comparable to those generally in use for other loans of comparable amounts.

Under certain circumstances an educational institution may have delegated to it by a lender substantial functions or responsibilities for administering the Guaranteed Student Loan Program - functions which are normally performed by lenders prior to making a loan. This delegated "origination relationship" between a lender and a school confers certain specific statutory responsibilities in making GSLP loans to students at that school. These responsibilities will be discussed in Section III-D of this chapter.

2. The Federal Insured Student Loan Program or Guarantee Agency Programs

Each State can generally be classified in terms of whether the loans made by the lending institutions in that State are guaranteed by a State or private nonprofit agency (guarantee agency program) or are insured by the Federal government (FISLP). The Guaranteed Student Loan Program (GSLP), the name by which the program is commonly known, refers both to programs administered by guarantee agencies and to the Federal Insured Student Loan Program (FISLP). Within any State the two aspects of the program may coexist. The FISLP operates in States which do not have functioning guarantee agency programs and, to a limited extent, in guarantee agency States as well. In such circumstances, a lending institution may have an agreement both with a guarantee agency and with the Federal government, and may make loans under both programs.

a) *Guarantee Agency Programs:* States are encouraged to establish adequate loan programs under either a State or private nonprofit agency for students at eligible institutions. Currently guarantee agency programs operate in 31 States, and several others are currently being formed. To encourage

States to establish such agencies, the Federal government provides funds to these agencies to help them establish or strengthen their reserve funds as a basis for guaranteeing the loans which are made by participating lenders. Loans which are made under a guarantee agency program qualify the holder of those loans to payment of Federal interest benefits and special allowances. On loans that are made under a guarantee agency program, the Office of Education will reinsure 80 to 100 percent of the amount of losses on default claims paid by the agency to its lenders, depending upon the characteristics of the guarantee agency program and its default experience.

Guarantee agency programs vary considerably from State to State, and there are numerous differences among agencies on such matters as the percentage of loans guaranteed, annual and aggregate loan maximums allowed for individual students, student eligibility criteria, and criteria for lender and school participation. These unique provisions can be very important in developing the best possible financial aid package for each student, and should be known by each financial aid officer. The Connecticut guarantee agency program, for example, has a forgiveness feature which provides a 10 percent rebate on a loan, under certain circumstances, for students who successfully complete the academic program for which the loan was made. For detailed information about the unique provisions of these programs, financial aid officers should contact the appropriate agency. Complete addresses are provided in Appendix F of this handbook. At the time of publication of this Handbook guarantee agency programs were operating in the following states:

1. Alaska	Administered by United States Student Aid Funds (USAF)
2. Arkansas	
3. Connecticut	
4. Delaware	Administered by USAF
5. Florida	
6. Georgia	
7. Illinois	
8 Indiana	
9 Kansas	Administered by Higher Education Assistance Foundation
10. Louisiana	
11. Maine	Administered by USAF
12. Maryland	Administered by USAF and State Agency
13. Massachusetts	
14. Michigan	
15. Minnesota	Administered by Higher Education Assistance Foundation
16. Nevada	Administered by USAF
17. New Hampshire	
18. New Jersey	
19. New York	
20. North Carolina	
21. Ohio	
22. Oklahoma	
23. Oregon	
24. Pennsylvania	
25. Rhode Island	
26. South Carolina	
27. Tennessee	
28. Utah	Administered by USAF
29. Vermont	
30. Virginia	
31. Wisconsin	

Since the characteristics of a guarantee agency program may change from time to time, financial aid officers should contact the individual agencies for up-to-date information.

b) *The Federal Insured Student Loan Program (FISLP):*

The Federal Insured Student Loan Program is available in certain circumstances specified by statute for those students or lenders in guarantee agency States who do not have reasonable access to a guarantee agency program, as follows: (1) In a State where there is no guarantee agency program, the FISLP is available to all eligible lenders in that State for loans to all eligible students whom such lenders are willing to assist, regardless of the residence of the student. (2) In a State where there is a guarantee agency program, the FISLP is, in general, available to lenders in the State only for loans to students attending schools not having access to the guarantee agency program *or* to students who, on account of their residence, do not have access to that program. (3) A lender may obtain Federal insurance for all the loans that lender will make if it can assure the Office of Education that, because of the residence of its loan applicants, no single guarantee agency will guarantee substantially all of the loans that the lender intends to make. (4) Finally, a lender may obtain Federal insurance, under circumstances approved by the appropriate guarantee agency, for a loan to a borrower who has previously received a FISL and has not completely repaid the FISL.

3. Basic Functions of the Federal Government

The Federal Government, specifically the Bureau of Student Financial Assistance (BSFA), is responsible for several important coordinating and administrative functions concerning the Guaranteed Student Loan Program. These functions include:

a) To pay interest benefits to lenders on behalf of qualified students receiving both FISLP and guarantee agency loans;

b) To pay lenders a special allowance on all loans made and still outstanding on both FISLP and guarantee agency loans;

c) To repay lenders for losses resulting from defaults, bankruptcy, death and disability;

d) To provide preclaim assistance to FISLP lenders and to effect recovery of those defaulted FISLP loans which cannot be recovered by lending institutions;

e) To reinsure 80 to 100 percent of the principal

amount of default claims and pay 100 percent of death, disability, and bankruptcy claims paid by guarantee agencies on loans insured by them;

f) To encourage the creation and expansion of guarantee agency programs, to make advances to strengthen their reserve funds, and to pay reinsurance claims and administrative allowances;

g) To encourage the participation of lending and educational institutions;

h) To determine the eligibility and monitor the participation of lenders, educational institutions, and students;

i) To issue regulations and guidelines to implement those functions outlined above and to assure compliance by all participants;

j) To propose legislative, regulatory, and administrative changes as required; and

k) To disseminate information about the GSLP and its relationship to other Federal student aid programs.

4. The Student Loan Marketing Association (Sallie Mae)

Sallie Mae is a Government-sponsored, private profit-making financial corporation created in 1972 by amendment to the Higher Education Act of 1965. It is designed to provide a secondary market facility for support to lending institutions which make student loans insured under the Guaranteed Student Loan Program. Sallie Mae performs this support function primarily by providing a purchasing and warehousing facility for insured student loans made by eligible lenders. For more information about Sallie Mae write to: Student Loan Marketing Association, 1055 Thomas Jefferson Street, N.W., Suite 500, Washington, D.C. 20007.

B. Student Eligibility

Students are the primary beneficiaries of the Guaranteed Student Loan Program. As such they must meet certain eligibility criteria. To be eligible for a loan, a student must be either accepted for enrollment or enrolled and in good standing and making satisfactory academic progress on at least a half-time basis in an eligible course of study at an eligible institution. An institutional official, usually the student financial aid administrator, must sign a certification to this effect as part of the student's loan application. The school official must usually report other information on the application as well, including:

1. The student's estimated educational costs for the period of enrollment covered by the loan; and
2. Any other financial aid awarded for that period.

The student must be a United States citizen or national, a permanent resident of the United States, a permanent resident of the Trust Territory of the Pacific Islands or of the Northern Mariana Islands, or be in the United States for other than a temporary purpose and intend to become a permanent resident of the United States. The statute provides, however, that only United States nationals can borrow to attend foreign schools. The student must sign an affidavit on a form which is approved by the Commissioner of Education, stating that the loan will be used solely for educational expenses related to attendance at the eligible institution which the student plans to attend or is currently attending. This affidavit must be signed in the presence of a notary or other person who is legally authorized to administer such an oath and who does not take part in the recruiting of students at the eligible institution which the student plans to attend or is attending. In addition, to be eligible for a loan, a student must not be in default on a National Direct Student Loan or a Guaranteed Student Loan received for attendance at that institution or owe a refund on a Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, or State Student Incentive Grant received for attendance at that institution. Further, under the April 5, 1978, *proposed* GSLP regulations, a student may not receive a Guaranteed Student Loan if he or she is in default on a Guaranteed Student Loan previously received for attendance at *any* eligible educational institution; however, this last requirement would not become effective until it is included in final regulations. The school official who completes the school's portion of the loan application has responsibility for assuring that all of these requirements are met.

C. Student Rights and Responsibilities

Student Rights:

1. The loan must be disbursed by a check made payable to the borrower (or jointly to the borrower and the school if authorized in writing by the borrower) and requiring his or her personal endorsement.
2. If a lender transfers (i.e., sells) the loan and the right to receive payments on the loan, the borrower must be sent a clear notification of his or her obligation to the new holder of the loan note.
3. If qualified, each borrower is entitled to receive Federal interest benefits. Student eligibility for interest benefits is discussed in Section II-E of this Handbook.
4. The lender must provide each borrower with a copy of the promissory note.
5. Each borrower is entitled to a "grace period" of 9 to 12 months before repayment begins, after the student leaves school or is attending school less than half-time. The exact length of this period is indicated by the lender on the promissory note or specified by guarantee agency regulations.

6. Each borrower has a right to a repayment period of not less than five years, unless such a repayment period would result in payments of less than the minimal annual amount of $360. Repayment is discussed in Section II-F of this Handbook.
7. Each borrower has a right to prepay the loan without penalty. The borrower may pay the loan balance and any interest due at any time, without an additional charge by the lender.
8. Each borrower has a right to deferment of repayment under certain statutorily authorized circumstances. The conditions that qualify a borrower for deferment are discussed in Section II-G of this Handbook. Under deferment a borrower is not required to make payments on the principal for a prescribed period of time. Additionally, if the borrower qualified for Federal interest benefits at the time the loan was made, he or she is also entitled to receive Federal interest benefits on the loan during any authorized period of deferment.
9. Each borrower may request forbearance. If a borrower cannot meet his or her repayment schedule, he or she may request forbearance from the lender, under which the payments may be stopped or reduced for a specified period of time if it will assist the borrower in avoiding default.
10. The Federal government will pay a borrower's obligation in the event of death or permanent and total disability of the borrower. Any part of an obligation on which a borrower is adjudicated a bankrupt will be paid by the Federal government. However, the borrower is still liable for repayment unless and until the loan is discharged in bankruptcy.

Student Responsibilities:

While students are entitled by law to certain rights under the Guaranteed Student Loan Program, they should also be aware of the seriousness of their obligations and the responsibilities that they assume when they obtain Guaranteed loans. These responsibilities include:
1. Each borrower must use care in choosing a school. All schools must provide prospective students with information about the school's programs. A student borrower should consider this information carefully before deciding to attend a school. While the Office of Education periodically publishes a list of eligible educational institutions, the Office of Education does not accredit educational institutions. The listing of a particular school as being eligible for the GSLP indicates only that the school has met the statutory and regulatory requirements for school eligibility and has executed an agreement with BSFA. The list of eligible schools should not be construed as relating to the quality or to the suitability of the education to be offered. For this reason it is the responsibility of the student to use care in selecting a school and to carefully evaluate the benefits to be derived from the educational program being considered.
2. Each borrower must personally endorse his or her guaranteed loan check, and may not authorize anyone else to endorse it on his or her behalf.
e. Each borrower must arrange with the lender to pay the interest on the loan if he or she does not qualify for Federal interest benefits.
4. Each borrower must notify the lender when he or she graduates, withdraws from school or from less than half-time attendance, or changes his or her address. In addition, the student should notify the lender of any change in his or her name (e.g., maiden name to married name) or of his or her transfer to another school.
5. Each borrower must repay the loan in accordance with the repayment schedule. All borrowers should be aware that the loan cannot be cancelled or "forgiven" for duty in the military service or for teaching in shortage areas. (The National Direct Student Loan Program does have provisions for cancellation for certain types of teaching and military service. See Chapter 7 of this Handbook.)
6. Each borrower must notify the lender of any occurence which may affect his or her eligibility for a deferment if the borrower's repayment obligation is currently being deferred.

D. Loan Limits

The academic year loan limit under the FISLP is $2,500 for undergraduate and vocational study and $5,000 for graduate or professional study. The total aggregate amount that a borrower may have outstanding in the FISLP may not exceed $7,500 for undergraduate and vocational study or $15,000 for graduate or professional study (including loans received for undergraduate study). Some guarantee agencies, however, have established lower annual or aggregate loan limits.

Additionally, two provisions created by the Education Amendments of 1976 affect the maximum annual loan limit:

1. A loan to a student in his or her first year of postsecondary education that is made by a State agency lender, a school lender, or a lender having an "origination" relationship with a school, may not exceed the lesser of $2,500 or one-half the borrower's cost of attendance.

2. A loan to a student in his or her first year of postsecondary education that is made by a school or by a lender having an "origination" relationship with a school may exceed $1,500 only if the loan is disbursed in two or more installments, none of which exceeds half the loan, with the interval between the first and second installment being not less than one-third the period of enrollment for which the loan was made.

E. Interest Rate and Eligibility Requirements for Federal Interest Benefits

The annual interest rate on Guaranteed Student Loans may not exceed 7%. (In addition, lenders may receive a "special allowance" from the Federal government, in an amount up to 5% annual interest rate, but the student is never liable for payment of the special allowance).

All students eligible for Federal interest benefits. The Federal government will pay to the lender the total interest due prior to the beginning of the repayment period and during authorized deferment periods. All student are eligible for Federal interest benefits

F. Repayment of Loans

Prior to the end of the grace period the lender establishes the repayment schedule in cooperation with the borrower, on the basis of the borrower's ability to make payment.

Repayment of principal and interest is usually made by the borrower in monthly installments. The repayment period begins not earlier than nine months nor later than one year after the date on which the student ceases to carry, at an eligible institution, at least one-half the normal full-time academic workload as determined by that institution. By statute, the repayment period may range from five to ten years except where the required annual payment of $360 does not permit this. The total life of the loan may not exceed 15 years from the original date of disbursement. Both the 10 and 15-year maximum periods are exclusive of any authorized deferment periods.

A borrower may, at any time, repay the whole or any part of the loan without penalty and may, during the 9-12 month grace period, request a loan repayment period of less than five years or beginning earlier than nine months following the date the borrower leaves school or is in less than half-time study. When a borrower elects to begin repayment earlier than the 9 to 12 month grace period, this decision is irreversible. The borrower may not further use any remaining portion of the grace period. However, even if a borrower chooses a term of less than five years, he or she may request a schedule which lasts at least five years at any time during the repayment period.

Generally, a borrower must pay at least $360 per year on his or her loan during the repayment period. If the lender and the borrower agree, however, an annual payment of less than $360 is permitted. Also, when both a husband and wife have guaranteed loans, the minimum annual payment for the couple is $360 per year. It must be emphasized that the $360 refers to *minimum* annual payments. Students often have to pay larger monthly amounts in order to repay their loan within the 10-year period required by law.

G. Deferment Provisions

Deferment means that the loan principal need not be paid under certain circumstances for specified periods of time. During all deferment periods, the principal of the loan need not be repaid by the borrower but interest on the loan shall accrue, and shall be paid either by the borrower or, for those students originally eligible for Federal interest benefits, by the Federal government. Also, proposed regulations would provide that if the lender agrees, the interest accruing on a non-subsidized loan may also be deferred and then added to the principal amount of the loan at the time that repayment resumes.

Deferment of repayment of principal is authorized during any period in which the borrower is pursuing a full-time course of study at a participating institution and for any period of up to three years during which the borrower is a member of the Armed Forces of the United States on active duty, a volunteer under the Peace Corps Act, or in service as a full-time volunteer under Title I of the Domestic Volunteer Services Act of 1973 (VISTA).

Two new deferment provisions were created by the Education Amendments of 1976. First, deferment of repayment is authorized for a student who is pursuing a full-time course of study under a graduate fellowship program which has been approved by the Commissioner of Education. The intent of this provision is to take into consideration those students who are not enrolled in an educational institution but who are

pursuing certain approved programs of independent graduate study.

Second, a single deferment for a period of not more than one year is provided for a student who is seeking and unable to find full-time employment. The April 5 proposed regulations would provide procedures and definitions with regard to these new provisions for deferment. Until final regulations are effective, lenders will be required to rely upon their own best judgment in approving requests for deferment for unemployment in accordance with Bulletin No. L22 dated January 12, 1977.

The time period involved in a deferment is not to be included in the maximum repayment periods specified in Section II-F, above.

H. Forbearance

When unanticipated personal problems affect the borrower's ability to make payment on his or her loan, forbearance of repayment may be granted by the lender. Forbearance means allowing repayment at a lesser rate than originally scheduled, or allowing repayment to lapse entirely for a specific period. Forbearance is authorized specifically for the benefit of the borrower. It must be approved by the guarantor (i.e. either the Office of Education or the guarantee agency), and it must be agreed upon in writing between the borrower and the lender. The *proposed* GSLP regulations would provide that forbearance that would not extend the statutory repayment period requirements may be granted without advance approval from the Office of Education. Lenders are encouraged to consider the use of forbearance in cases where because of temporary hardship a borrower is *willing but unable* to pay in accordance with the repayment schedule. Forbearance should *not* be used when a borrower is unwilling to pay. Forbearance is often granted in situations where the borrower is for a limited time unable to meet his or her obligation because of unemployment, hospitalization, attendance at an ineligible school, full-time volunteer service in an organization not specifically recognized for the purpose of deferment, or some other unusual circumstance. Interest would normally be paid by the borrower during a period of forbearance. However, if the borrower is unable to pay the interest, the proposed regulations would allow the lender to accrue the interest, and add it to the loan principal at the time repayment is expected to resume. The Federal government does *not* pay interest benefits on subsidized loans during periods of forbearance.

I. Death, Disability, and Bankruptcy Provisions

In the event that a borrower dies or becomes totally and permanently disabled, the Federal government will pay the borrower's obligation for principal and interest, and the holder of the loan will not be allowed to attempt to collect the loan from an endorser of the borrower's estate. The Federal government will also pay any part of a borrower's obligation on which the borrower is adjudicated a bankrupt. If a borrower who is adjudicated a bankrupt does not receive a discharge in bankruptcy, then the borrower's obligation is not removed.

It should be noted that the Higher Education Act of 1965, as amended, provides that a Guaranteed Student Loan cannot be discharged in bankruptcy for five years following the commencement of the repayment period, with respect to bankruptcy proceedings beginning on or after September 30, 1977, unless the bankruptcy court permits discharge on a hardship basis.

III. Educational Institutions

The basic function of educational institutions participating in the Guaranteed Student Loan Program is, of course, to provide educational opportunities for students. Educational institutions also play an important role in the loan application process, as they must complete a significant portion of the student loan application. In addition, once a loan is made, each school must periodically confirm to the Office of Education the student's continued enrollment. When the student withdraws or graduates, a school must report that fact to the lender. A detailed description of the specific tasks required of participating educational institutions is provided in Section III-C: "Functions of Educational Institutions." In addition, Section III-D of this Handbook discusses requirements for schools which are lenders or which originate loans under the program.

A. Eligibility Requirements for Schools

Schools establish their eligibility under GSLP through filing an application with the Division of Eligibility and Agency Evaluation (DEAE), Bureau of Higher and Continuing Education, U.S. Office of Education, Washington, D.C. 20202. Once DEAE has

determined that a school meets the statutory criteria for institutional eligibility, the school must execute an agreement with the Institution and Lender Certification Branch, Division of Certification and Program Review, Bureau of Student Financial Assistance, before it can participate in the GSLP. Usually all educational programs offered by a school are eligible for attendance by students receiving a loan under the GSLP. However, in some instances, only specific programs or courses at a particular school may be eligible for attendance by GSLP loan recipients. In that case the school should not complete its portion of a GSLP application for a student enrolled in an ineligible course of study.

Eligible educational institutions may include:

-Colleges and universities
-Correspondence schools
-Graduate and professional schools
-Junior and community colleges
-Nursing, business, trade, and vocational schools
-Technical institutions
-Foreign schools comparable to U.S. schools

However, no educational institution which employs commissioned salespersons to promote the availability of the GSLP is eligible to participate in the GSLP. This statutory provision is discussed in Section III-C.2.b.

If a school becomes eligible to participate in the GSLP after an academic year has begun, loans to cover educational costs incurred by a student for that year prior to such eligibility may be insured after BSFA has approved that school's participation in the GSLP. A loan will not be approved until the school has obtained eligibility.

When it is determined that a school is no longer eligible to participate in the program, further loans will not be approved from the date of loss of eligibility. Insurance on loans outstanding will normally not be affected by the loss of eligibility.

The Office of Education periodically publishes a composite listing "Eligible Institutions - Guaranteed Student Loan Program," which is available from the Office of Education Regional Offices. OE Regional Offices will also answer any questions about the eligibility of particular schools and/or programs.

B. Limitation, Suspension, and Termination of School Eligibility

Schools which fail to comply with applicable laws, regulations, limitations, or agreements of the GSLP may have their eligibility to participate in the GSLP limited, suspended, or terminated by the Office of Education. These actions by OE/BSFA must comply with various due process procedures designed to safeguard the rights of schools. Final regulations specifying procedures for the limitation, suspension, or termination of the eligibility of a *school* to participate in any BSFA program were published in the *Federal Register* on December 23, 1977, as 45 CFR Part 168, Subpart H. These procedures supersede the current GSLP regulations - Part 177, Subpart G - with respect to *schools*. Part 177, Subpart G, remains in effect with respect to *lenders* (including a school in its role as a lender), and will continue to be in effect until the new GSLP regulations are published as *final* regulations.

C. Functions of Educational Institutions

Educational institutions which have established their eligibility with the Office of Education may participate in the GSLP only after they have signed an agreement to comply with all applicable laws and regulations of the GSL Program (45 CFR Part 177) and with the regulations issued under 45 CFR, Part 168, Subparts A-C, when final.

1. Institutional Terms of Agreement

Initially, an eligible educational institution is required to complete and submit to the Institution and Lender Certification Branch, Division of Certification and Program Review, BSFA, an "Agreement Regarding Institutional Participation in GSLP" (OE Form 413, dated 5/75). For academic year 1978-79 this document was superseded by a combined Institutional Agreement covering all BSFA programs. By completing and signing the Agreement, an educational institution agrees to comply with the following statutory and regulatory requirements relating to the administration of the GSLP:

a. Each school must establish and maintain a fiscal and administrative record keeping system which allows it to maintain records pertaining to GSLP students for a designated period after the student has left the school. Such records may be maintained in computer or microfilm format (except that if a school is a lender and the holder of a promissory note, it must retain the actual note, to be returned to the borrower upon completion of repayment). A school must also agree to allow BSFA to audit school records periodically to determine compliance with GSLP regulations. (Additionally, the proposed regulations would provide that each school must obtain a non-federal audit at least once every two years.) Finally, each school must agree to comply with various reporting requirements as defined by the Commissioner. This includes the timely completion of the Student Status Confirmation Report (OE Form 10720).

b. Currently effective GSLP regulations provide

that each school must establish a fair and equitable refund policy and must publish that policy in writing. However, this regulatory requirement is currently being reviewed and may be amended in the upcoming regulations under Part 168.

The refund policy must cover tuition, fees, and, if paid to the institution, room and board charges. Additionally, when a refund is due the student, the portion of the refund attributable to the Guaranteed Student Loan must be at least equal to the pro rata share that the Guaranteed Loan is of the student's cost of education for the enrollment period for which the loan was made.

c. Each school must present prospective students with complete, accurate, and recent information about the institution, its current academic or training programs, and its faculties and facilities, with particular emphasis on those programs in which the prospective student has expressed an interest. Unlike the provisions of the Student Consumer Information Requirements of Part 178, discussed in Chapter 2 of this handbook, a school does not have discretionary authority with regard to this provision. Each school participating in the GSLP must provide this information. Section 177.64 of the current GSLP regulations describes the requirement for participating schools in this regard.

d. *Any school which offers a course of study to prepare students for a particular vocation or career field trade* must establish reasonable criteria and procedures for determining that a prospective student has the ability to benefit from the instruction or training to be provided. In addition to the general information provided to all prospective students, such a school must provide prospective students with information regarding placement and average starting salaries, as described in current GSLP regulations.

2. Additional Requirements

Beyond those tasks and responsibilities described above, the statute and regulations prescribe several additional responsibilities for all participating educational institutions. These include:

a. Representation made by a school or its agents must accurately reflect the school and its programs, and be consistent with the purposes and regulations of GSLP. Reference to GSLP in advertisements should be limited to the phrase "Eligible Institution — Guaranteed Student Loan Program." Schools will be held accountable for any misrepresentations, whether made by their officials or employees or by persons hired to advertise or to solicit students.

b. An eligible school may not employ or use commissioned salespersons to promote the availability of the GSLP. The April 5 proposed regulations would define a "commissioned salesperson" as any person who receives a compensation in any form or amount which is related to, or calculated on the basis of, student applications for enrollment, student enrollments, or student acceptances for enrollment. To "promote the availability" of the GSLP would mean to provide prospective or enrolled students with program information, application forms, or names of eligible lenders.

C. The April 5 proposed regulations would provide that an eligible institution shall audit its transactions relating to its participation in the GSLP to determine the fiscal integrity of financial transactions and reports and compliance with applicable laws and regulations not less frequently than every two years. The audit report must be submitted to the regional office of the HEW Audit Agency in the region in which the school is located.

d. *Loan disbursement responsibilities*: The April 5 proposed regulations would specify the loan disbursement responsibilities of schools. These regulations would provide that when a school receives a disbursement check payable to a borrower matriculated at that school, it must deliver the check promptly to the student. If the student has not yet matriculated, the school would be required to hold the check and deliver it to the student at the time he or she matriculates. If the student fails to matriculate within a reasonable time, the school would notify the lender and return the check to the lender within 30 days of the conclusion of that reasonable time.

The proposed regulations would further provide that if a loan check is payable *jointly* to a student and a school, the school would either endorse the check on its own behalf and deliver it to the student, or obtain the student's endorsement prior to endorsing the check on its own behalf. In the latter case, a school may apply the loan proceeds directly to any of the student's costs that are payable to the school, but it must then promptly disburse to the student any remaining portion of the loan. The above provisions would apply to the disbursement of all loan checks by a school which is not a lender. School lenders have similar loan disbursement requirements.

e. *Notification to lender of change in student enrollment status*: The Education Amendments of 1976 added to the Higher Education Act a provision authorizing the Commissioner to issue regulations requiring each participating school to establish procedures to inform the holder of a guaranteed loan within 60 days of a borrower's graduation, formal withdrawal, or failure to register on at least a half-time basis.

D. Requirements for Schools Which Make or Originate Loans

1. Eligibility Requirements

In order to be eligible to be a GSLP lender, an eligi-

ble educational institution must employ at least one full-time person whose responsibilities are limited to the administration of programs of financial aid for students attending that school. However, correspondence schools are not eligible to be GSLP lenders.

2. Loan Disbursement Requirements

Loans disbursed by school lenders must adhere to the following program requirements:

a. Loans may not be disbursed to a student earlier than is reasonably necessary to meet the purpose of the loan.

b. Loans may not be disbursed prior to the issuance of insurance by the Commissioner.

c. Each disbursement must be made by a check payable to the student (or, if authorized by the student in writing, jointly to the student and the educational institution which he or she is to attend).

d. For the purposes of paying subsequent claims on loans disbursed by school lenders for students who fail to matriculate, the Commissioner will pay only the amount necessary to enable the student to travel from his or her residence to the school.

3. Origination Concept

Section 433 of the Higher Education Act imposes additional requirements on schools which are eligible lenders under the GSLP or which originate loans under the program. *"Origination"* in this context is a critical concept. It refers to a special relationship between a school and a lender in which the lender delegates to the school a substantial portion of the functions and responsibilities normally performed by lenders before loans are made. If the relationship between a lender and a school meets this criterion, the school will be considered to have originated a loan made by the lender. "*Substantial loan making functions and responsibilities*", as defined in the April 5 *proposed* regulations, should include:

a. interviewing the applicant for a loan,

b. explaining the applicant's responsibilities under the loan,

c. obtaining completion of necessary forms beyond that portion normally required of schools,

d. obtaining necessary documentation that a lender usually requires of a particular applicant,

e. verifying that the student is eligible for a loan or for Federal interest benefits,

f. completing portions of the student loan application normally completed by the lender, or

g. deciding whether or not a particular student will receive a loan.

Under proposed regulations, the performance of either the last two functions indicated above may be considered by the Office of Education to be a definitive indication of an origination relationship.

4. Agreement for Schools Which Make or Originate Loans

A school which makes or originates loans under the GSLP, as defined previously, must have on record with the Commissioner an agreement under which the school agrees to adhere to several conditions and program requirements. Any school which makes or originates loans on the effective date of the GSLP revised regulations, when published in final, must submit the origination agreement within 90 days of that effective date in order to be eligible to continue to make or originate GSLP loans. In accordance with the statutory requirements, the Agreement shall provide that:

a. The school will not make or originate student loans under this program to more than 50 percent of the students who are not graduate or professional students in attendance at the school on at least a half-time basis. Under certain circumstances, a school may request and receive a waiver by the Commissioner of these provisions.

b. The school may not make or originate a loan to a student who is not a graduate or professional student who has not previously received a loan made or originated by the school, unless the student provides the school with a written statement from an eligible lender (other than the educational institution, a State agency, or a private nonprofit agency designated by the State) indicating that the student sought and was denied a loan by the lender. Alternatively, a school may obtain a sworn statement by the student indicating that he or she was refused a loan by such a lender for the academic period for which the loan was sought and that the lender refused or declined to provide a written statement of denial. A school must inform any student seeking a loan that he or she must make a good faith effort to obtain a loan from an eligible lender.

c. The school must not make or originate a loan to a student who is in his or her first academic year of a program of postsecondary education who was not enrolled previously in such a program in excess of $2,500 or one half of the estimated cost of attendance, whichever is less.

d. A school must not make or originate a loan during any academic year of more than $1,500 to a first year student as described in (c) above unless the proceeds are disbursed in multiple installments in accordance with the statutory requirements.

Should a school violate the statutory and regulatory provisions concerning the making or the origination of loans, the institution's eligibility to participate in the GSLP may be limited, suspended, or terminated in conformance with the procedures established in Subpart H of 45 CFR Part 168, and described briefly in Chapter 2 of this handbook.

5. Termination of Lending Eligibility of School Lenders Based Upon Default Experience

Section 435 (g)(3) of the Higher Education Act of 1965, as amended, provides that the lending eligibility of any school will be terminated if it is determined that for each of two consecutive 12 month periods, 15 percent or more of the original loan principal loaned by the school to students attending that school which was in repayment during each such period, was in default. Under proposed regulations, the termination would begin on the first day of October following the Commissioner's determination that such a default situation exists. Termination must last for at least one fiscal year, and may be extended if the default situation continues to exist. This provision applies to school lenders under both the FISLP and the guarantee agency programs. It may also apply in the case of a school which makes loans to students in attendance at other schools under the same ownership.

However, the statute also provides that the Commissioner may not terminate the lending eligibility of such a school if:

a. the termination would be a substantial hardship to the school and there is a reasonable possibility that the school will appreciably improve its collection of loans within the next year, and

b. the termination would be a substantial hardship to current or prospective students. In determining whether a termination would be a substantial hardship to students, the Commissioner will consider the extent to which the school is providing opportunities to economically disadvantaged students which are not available elsewhere, the extent to which the academic programs are unique in the geographical area, and any improvements expected in the management of its student financial assistance programs.

No termination of lending eligibility of a school may occur without appropriate notice and opportunity for a hearing. Procedures for the hearing are specified in the GSLP proposed regulations.

School record-keeping and reporting requirements relating to the enforcement of this new statutory provision will be set forth in the near future.

IV. Completion Of The Insured Loan Application

A. Certification

The primary task of each educational institution in connection with the processing of a student's application for a loan under the GSLP is to make a number of statements and certifications concerning the student's eligibility for a loan.

For the FISL program this task is accomplished when the financial aid officer or other authorized school official completes section II and, when applicable, section III of the FISL application (OE Form 1154 dated 7/77). The certification process is described in Section 177.78, "Certification by a participating school in connection with a student loan application," in the proposed regulations. Section IV - E of this chapter provides detailed instructions on the completion of Sections II and III of the FISL application.

For guarantee agency programs the certification occurs when the authorized school official completes the appropriate sections of the guarantee agency's application. The application forms for various guarantee agencies vary somewhat but must, in general, adhere to identical certification requirements.

By completing the appropriate section of the FISL or guarantee agency program application, the financial aid officer is certifying that:

1. The student is enrolled and in good standing and maintaining satisfactory progress or is accepted for enrollment in a program determined to be eligible under GSLP. Determinations of "good standing" and "satisfactory progress" are to be made according to the school's own established policies.
2. A student is carrying or plans to carry during the period for which the loan is intended at least one-half of the normal full-time workload as determined by the school.
3. The student does not owe a refund on a grant previously received under the Basic Educational Opportunity Grant Program, the Supplemental Educational Opportunity Grant Program, or the State Student Incentive Grant Program for attendance at that school. Proposed regulations would provide guidelines for implementing the above rule, however, and would allow the following interpretations:
   a) If a student owes a refund on a grant because of an error by the school, he or she is not ineligible for a loan if he or she acknowledges in writing the amount of the overpayment and agrees to repay the refund within a reasonable period of time.
   b) If the student owes a refund on a BEOG or SEOG, he or she will not be ineligible for a loan if the school can recoup the overpayment within the same academic year for which the loan is intended by adjusting the subsequent BEOG or SEOG payments due the student.
4. The student is not in default on any loan previously received under the NDSL Program or the GSLP made for attendance at that school, unless the student has made satisfactory arrangements to repay the defaulted loan to the appropriate guarantor or holder. (Additionally, the proposed regulations *would* provide that a student who is in default on a

GSLP loan made for study at any school may not receive a GSLP loan unless he or she has made satisfactory arrangements to repay the loan, but this policy is not yet effective.)

Further, a school is obligated to provide:

1. a statement of the academic period for which the loan is sought;
2. an estimate of the student's cost of attendance at the school;
3. an estimate of other financial assistance awarded to the student for the period for which the loan is sought; and
4. if the student is applying for Federal interest benefits and the adjusted family income is $25,000 or more, a statement containing a determination of need and recommendation of loan amount to be subsidized.

For a student attending a foreign school, and applying for Federal interest benefits, the need analysis and recommendation of amount that will be subsidized is the responsibility of the Office of Education or the appropriate guarantee agency.

Each of these functions is accomplished when the financial aid officer or other authorized school official completes Section II and, when applicable, Section III of the FISL application. Section IV-B of this handbook provides detailed instructions on the completion of Sections II and III of the FISL application.

B. The FISL Application - OE Form 1154

1. Introduction

A complete copy of the FISL application form along with the instructions which accompany that document is included in Appendix L of this Handbook. This section of the Handbook deals with those portions of Sections II and III of the FISL application which need further clarification, or which experience indicates have frequently been completed incorrectly.

Reproduced on page 8-15 is a reduced facsimile of Sections II and III of the FISL application. There are large numbers written by those items in the application which are explained in further detail below. Instructions for completion of those items in the application which are not discussed below appear in Appendix L.

2. General Information

It is the responsibility of the financial aid officer or other authorized school official to complete Section II and, when applicable, Section III of the FISL application, and to return all copies of the application with the attached promissory notes to the student for transmittal to the lender.

As an initial procedure the school official should carefully review all of those portions of the application already completed by the student. Obvious errors should be brought to the attention of the student so that he or she may correct the error prior to transmittal of the form to the lending institution.

For a FISL application, the following general considerations should be kept in mind:

a) In no case may a loan, with or without Federal interest benefits, exceed the total cost of education less other financial aid awarded or committed (exclusive of family support). The most common reason that applications are rejected by the Student Loan Processing Center is that the loan amount requested exceeds the cost of education.

b) If a student does not wish to apply for Federal interest benefits, or if he or she cannot do so because family income information is not available, there is no need to complete items 8, 9, and 10 in Section I and item 37 in Section III of OE Form 1154. In addition, the student should type or print "Not Applying For Federal Interest Benefits" over items 8, 9, and 10 of the application.

3. Guarantee Agency Programs

If the application form being completed is from a guarantee agency, the following general considerations should be kept in mind:

a) Some guarantee agency programs may incorporate (with some modifications) many of the elements of OE Form 1154 as part of their loan application. The concepts outlined in these instructions are still applicable although lenders and schools should follow specific instructions accompanying those forms.

b) All students must complete a basic loan application. In the case of loans guaranteed by State or private agencies, the application may or may not incorporate OE Form 1070 "Lenders Report of Guaranteed Student Loan," or OE Form 1260, "Student Loan Application Supplement." If further clarification is required for guarantee agency forms, consult with the guarantee agency.

4. Specific Instructions for Completing Sections II and III of the FISL Application

The following instructions relate specifically to the numbered items on the application form as reproduced in IV-B 1., above.

a. *Item No. 23 School Code Number*: Enter the six-digit number assigned to the educational institution by the Office of Education. Information regarding the eligibility status and code numbers of institutions may be obtained from the OE Regional Offices. An application without a school code number will not be processed for approval of insurance.

SECTION II AND III – TO BE COMPLETED BY THE EDUCATIONAL INSTITUTION (SEE INSTRUCTIONS ON REVERSE OF SCHOOL COPY)

NAME OF EDUCATIONAL INSTITUTION

ADDRESS

CITY STATE ZIP CODE

22. ENTITY NUMBER

23. SCHOOL CODE

24. AREA CODE/TELEPHONE NUMBER

25. STUDENT STATUS
(1) FULL-TIME ☐
(2) HALF-TIME ☐

26. STUDENT CLASSIFICATION
(1) UNDERGRAD. OR VOCATIONAL ☐
(2) GRADUATE OR PROFESSIONAL ☐

27. ANTICIPATED DATE OF GRADUATION MONTH YEAR

28. ACADEMIC YEAR MONTH/YEAR
(1) FROM
(2) TO

29. PERIOD OF LOAN MONTH/DAY/YEAR
(1) FROM
(2) TO

30. INDICATE LENGTH (IN ACADEMIC YEARS) OF CURRENT PROGRAM OF STUDY 1 2 3 4 5 6 7 8

31. THIS LOAN IS FOR WHICH ACADEMIC YEAR OF THE CURRENT PROGRAM STUDY? 1 2 3 4 5 6 7 8

32. INDICATE THE NUMBER OF ACADEMIC PERIODS IN AN ACADEMIC YEAR 1 2 3 4 5 6

33. MARK EACH ACADEMIC PERIOD COVERED BY THIS LOAN 1st ☐ 2nd ☐ 3rd ☐ 4th ☐ 5th ☐ 6th ☐

34. DISBURSEMENT SCHEDULE (SEE INSTRUCTIONS)

	A.	B.	C.	D.	E.	TOTAL
DATE						
AMOUNT						$

I HEREBY CERTIFY THAT THE ABOVE STUDENT IS ACCEPTED FOR ENROLLMENT OR IS ENROLLED IN GOOD STANDING AND IS MAKING SATISFACTORY PROGRESS IN A PROGRAM DETERMINED TO BE ELIGIBLE FOR THE GUARANTEED STUDENT LOAN PROGRAM AND THAT THE STUDENT DOES NOT OWE A REFUND ON GRANTS PREVIOUSLY RECEIVED AT THIS INSTITUTION UNDER TITLE IV OF THE HIGHER EDUCATION ACT OF 1965, AS AMENDED, OR IS NOT IN DEFAULT ON ANY LOAN FROM A STUDENT LOAN FUND AT THIS INSTITUTION PROVIDED FOR IN PART E OF THE ABOVE NAMED ACT, OR A LOAN MADE UNDER THE GUARANTEED STUDENT LOAN PROGRAM FOR ATTENDANCE AT THIS INSTITUTION. I FURTHER CERTIFY THAT THE INFORMATION GIVEN ABOVE IS TRUE, COMPLETE, AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ESTIMATED COSTS OF EDUCATION FOR LOAN PERIOD		FINANCIAL AID FOR LOAN PERIOD	
TUITION AND FEES	$	BASIC EDUCATIONAL OPPORTUNITY GRANT	$
ROOM AND BOARD	$	COLLEGE WORK STUDY	$
BOOKS AND SUPPLIES	$	OTHER SCHOLARSHIPS AND GRANTS	$
PERSONAL EXPENSES	$	NATIONAL DIRECT STUDENT LOAN	$
TRANSPORTATION	$	OTHER EDUCATIONAL LOANS	$
35. TOTAL	$	36. TOTAL	$

39. SIGNATURE OF AUTHORIZED SCHOOL OFFICIAL

40. PRINT OR TYPE NAME AND TITLE

41. DATE

SECTION III

37. NEEDS ANALYSIS (SEE INSTRUCTIONS)

A. BASED ON A UNIFORMLY APPLIED DETERMINATION OF NEED AND IN THE BEST JUDGEMENT OF THE FINANCIAL AID OFFICER, TAKING INTO ACCOUNT ALL FACTORS, WHAT CAN THE FAMILY REALISTICALLY CONTRIBUTE?

(1) $

(2) NEEDS ANALYSIS METHOD

(3) ADJUSTMENT REASON CODE

B. INTEREST BENEFITS ELIGIBILITY
(Items 35 less Items 36 and 37(A)(1))

$

38. NET COST OF EDUCATION
(Item 35 less Item 36)

$

SECTION IV – TO BE COMPLETED BY THE LENDING INSTITUTION (SEE INSTRUCTIONS ON REVERSE OF LENDER COPY)

NAME OF LENDING INSTITUTION

ADDRESS

CITY STATE ZIP CODE

42. ENTITY NUMBER

43. LENDER CODE

44. AREA CODE/TELEPHONE NUMBER

45. AMOUNT LENDER APPROVES

A. ELIGIBLE FOR FEDERAL INTEREST BENEFITS $

B. NOT ELIGIBLE FOR FEDERAL INTEREST BENEFITS $

C. TOTAL AMOUNT APPROVED BY LENDER $

CHECK INFORMATION ON THE REVERSE SIDE OF THE ORIGINAL (LENDER COPY) FOR COMPLETION BEFORE SUBMITTING FOR PROCESSING

46. SIGNATURE OF AUTHORIZED LENDING OFFICIAL

47. PRINT OR TYPE NAME AND TITLE

48. DATE

1. LENDER COPY

8-15

b. *Item No. 25 Student Status*: Enter an "X" in the appropriate block. The institution determines whether the applicant is considered a half-time or a full-time student, in accordance with the regulatory definitions of those terms, *except* that all eligible correspondence school students are considered half-time students and all students who are less than full-time but more than half-time are considered half-time.

c. *Item No. 26 Student Classification*: Enter an "X" in the appropriate block. This information is requested in order to determine the applicant's annual and aggregate maximum loan limits. GSLP Bulletin S No. 15/L No. 32, dated September 14, 1977, contains guidelines for determining whether a student is to be considered a graduate or professional student. The suggested definition is:

"Graduate or professional student" means a student who is pursuing a program leading to a professional or graduate degree or certificate at an institution of higher education after successfully completing the equivalent of at least three years of full-time study at an institution of higher education, either prior to entrance into the program or as part of the program itself."

Until final regulations containing a prescribed definition of "graduate or professional student" are effective, financial aid officers are urged to use the above definition in determining the entry for Item No. 26.

d. *Item No. 27 Anticipated Date of Graduation*: Enter the anticipated date of graduation. This must reflect the date the student expects to graduate or complete his or her present program at the school in which he or she is currently enrolled. The date is not intended to reflect the time a student plans to complete an education at another institution. For correspondence schools, the date should coincide with the normal ending date of the course to which the student subscribed.

This date is important in calculating the insurance premium. Lenders, however, should not attempt to rely on this date for determining the beginning of the grace period since students frequently change their educational plans.

e. *Item No. 35 The Estimated Cost of Education*: Enter the itemized figures for each category of expense indicated on the form and the total. The total educational costs to be incurred by the student during the period of the loan means the tuition and fees applicable to a student together with the institution's estimate of other expenses reasonably related to attendance, including, but not limited to, room and board, reasonable transportation and commuting costs, and costs for books and supplies. The school's average costs for all students may be used in lieu of individual estimates in determining the cost of education.

f. *Item No. 36 Financial Aid for Loan Period*: List only financial aid and other resources that are firm commitments and which apply to the period of the loan. Do not include assistance which may have been applied for but not yet approved. Included should be all grants, scholarships, educational loans, and school-awarded jobs including assistance under all federally sponsored programs of student financial aid. Veterans' educational benefits, educational benefits under Social Security, and resources or financial support from the student or his or her family are *not* considered financial assistance for this purpose.

g. *Item No. 38 Net Cost of Education*: The figure entered in Item No. 38 is the result of a simple mathematical calculation (Item No. 35 less Item No. 36). In no case may a loan *exceed* the amount that results from the subtraction of Item No. 36 (Financial Aid) from Item No. 35 (Estimated Cost of Education).

h. *Items No. 39, 40, 41 Signature and Title of Financial Aid Officer or Authorized Official*: The complete signature of the school official authorized by that institution to complete the form is required. Stamped, facsimile, or substitute signatures are *not* acceptable. The typed or printed name and title of the official must also be entered. If any of these items are not completed properly, the application will be rejected.

By signing the form a school official is certifying to those conditions and requirements discussed in detail in IV-A of this Handbook. If any portion of the certification is not correct, the school official must not sign the form.

i. *Section III Need Analysis General Instructions*: Adjusted family income is calculated by the student in Section I (Items No. 8, 9, and 10) of the FISL application. This figure is computed by subtracting from the adjusted gross income of the persons whose incomes must be considered (as declared on Federal Income Tax Returns for the preceeding year) an amount representing 10 percent of the adjusted gross income, and an amount representing the total dollar amount claimed for personal exemptions on the tax returns of those persons. The incomes of the parents or spouse of the student must or must not be included in this computation depending on prescribed conditions discussed under No. 10 below.

Financial aid officers should be aware, however, that some lending institutions have developed an internal policy of not granting a FISL in excess of the assessed financial need, and such lenders may request that a school complete the need analysis section of the application regardless of the eligibility of the student. It should be made clear to students that a need analysis in such circumstances is not a requirement of the Federal government.

j. *Item No. 37A-1-3 Computed Support*: In determining the expected family contribution, a school may use a need analysis method approved by the Commissioner of Education for the other BSFA programs, *EXCEPT THAT DEVELOPED FOR THE BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM*, which is excluded by statute as an acceptable system for GSL.

The methods most frequently used are the American College Testing Program System (ACT), the College Scholarship Service System (CSS), and the Income Tax System (ITS). Other methods may be used if they produce results which on the whole are similar to those which would be produced by the systems mentioned above.

Those persons whose incomes are reported in Item No. 10, Section I, of the FISL application must be considered in the need analysis. This information may be obtained from the FISL application as follows:

If the student answers "yes" to the first question (Section I, Item No. 8), the income and assets of the parents are to be considered. If the answer is "no," the income and assets of the parents are not taken into account.

If the student is married and answers "no" to the second question (Section I, Item No. 9), the income and assets of the spouse are to be considered. If the answer is "yes", the spouse's income and assets are not taken into account.

Indicate both the amount of the computed support from the family and the method of need analysis used in making this determination in Section III, Items No. 37A-1 and 37A-2. The amount indicated should relate to the period of the loan.

The amount indicated in Item No. 37A-1 is the expected family contribution towards the cost of the student's education. The amount indicated in Item No. 37A-1 is more meaningful when adjustments for the individual circumstances of the student are considered. The financial aid officer is expected to exercise his or her professional judgment in each case and to indicate the amount that can realistically be expected to be contributed for educational costs over the period of the loan. The financial aid officer should take into account geographic differences in cost of living, actual summer earnings, family circumstances, and other factors not always equitably treated in a nationally standardized computation. Indicate in the space provided in Item No. 37A-3 the following number codes for reasons used in reducing the amount of computed family support:

a. reduction in income,
b. death or disability of wage earner,
c. loss of job,
d. unanticipated medical or other extraordinary expenses,
e. non-liquid assets (e.g. home equity),
f. cannot meet expected contribution from income,
g. other.

If code "g" is used, briefly indicate the basis for this reason in the "Additional Information" or on the reverse side of the *lender* copy of the application.

k. *Item No. 37B Interest Benefit Eligibility*: The amount indicated in Item No. 37B, *Interest Benefit Eligibility* (Item No. 35 less Item No. 36 and Item No. 37A-1), represents the amount that the school recommends to be subsidized under the Federal Insured Student Loan Program.

Financial aid officers should be aware that a lender may make a subsidized loan in excess of the amount recommended by a school if the lender has reason to believe that the school was not realistic in its estimate of the family contribution as computed in Item No. 37A. Lenders are encouraged to exercise this option by carefully evaluating the information available to them in order that the most equitable judgment be exercised in processing a student's application. Should a lender decide to exercise this option, it should indicate in its files the basis for exceeding the amount indicated by the school.

Aid officers should also be aware that a "split" loan consisting of some portion which is subsidized and some portion which is not subsidized is both possible and legal. If the lender agrees with the school's calculation of family contribution but is willing to agree with the student's request for a loan in excess of that amount recommended by a school, then the lender may make a subsidized loan in the amount recommended by the school and a nonsubsidized loan in an amount to the difference between Item No. 38 and Item No. 37B.

Schools should be aware that lending institutions may not adjust the figures in Item No. 35 or No. 36. They may adjust Item No. 37A, *Family Contribution*, if they have good reason to do so. Under no circumstances, however, can a *subsidized* loan amount exceed Item No. 35 less Item No. 36, minus the adjusted Item No. 37.

IX. Health Professions Educational Assistance (HEAL) Program

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Health Professions Educational Assistance (HEAL) Program

A. Authority

The Health Professions Educational Assistance (HEAL) Program is authorized by section 401(b) of the Health Professions Educational Assistance Act of 1976 (P.L. 94-484), October 12, 1976. (Subpart I, Part C of Title VII of the Public Health Service Act, as amended. Section 727 - 739, (42 U.S.C. 294 - 294L)) which has been amended by P.L. 95-83, August 1, 1977 and P.L. 95-215, December 19, 1977.

B. Purpose

The HEAL program was established to provide a federally insured student loan program for graduate students in the health professions attending schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, public health, and pharmacy.

C. Eligibility

To qualify for a HEAL loan, a borrower must:

1. Borrower

- in general, be a citizen or permanent resident of the United States;
- have not received any other guaranteed or federally insured student loan for the same academic year to be covered by the HEAL loan;
- be accepted for enrollment as a full-time student, or already in full-time attendance and in good standing in an eligible school; *or*
- participating in an accredited internship or residency program or eligible for deferment of repayment on account of service in the Armed Forces, VISTA, ACTION, or the National Health Service Corps. (This is limited to previous HEAL borrowers).
- A further requirement must be met by pharmacy students. They must have satisfactorily completed three years of training to be eligible.

2. Institution

Schools must be accredited and must have received or have met the requirements for receipt of a capitation grant (as outlined in the Public Health Service Act, as amended) to be eligible. There is an exception for medical schools which do not meet the requirements of the capitation grant program that each school increase its third year class by 5 percent in the 1978-79 academic year only. *Foreign schools are not eligible under the HEAL program even though they are eligible for the Guaranteed Student Loan program.*

3. Lender

Health professions schools are eligible to make loans under HEAL. Others are commercial lenders (including credit unions), State agencies, insurance companies, and pension funds.

4. Limitations

An eligible student may borrow up to $10,000 per academic year to an outstanding total of $50,000. The single exception is one which limits pharmacy students to $7,500 per academic year to an outstanding total of $37,500. Loans may be used only for educational expenses (including tuition, fees, room and board, books, equipment, and interest on prior loans). In addition, students who borrowed while in school may also borrow during periods of internship, residency, and authorized periods of deferment, but only to pay interest accruing on prior HEAL loans.

D. Interest/Insurance

There is no Federal interest subsidy under this program. Interest may not exceed 12 percent per year (ANNUAL PERCENTAGE RATE) of the unpaid balance of the loan. Interest may be paid on an ongoing basis or accrued until repayment begins. If interest is accrued, it will be compounded semi-annually and added to the loan principal. An insurance premium, not to exceed 2 percent per year, will be charged at the time an individual loan is processed.

E. Repayment

Repayment begins 9 to 12 months after all formal training is completed, including that provided in accredited internship and residency programs. A deferment of up to three years will be granted to borrowers

who return to full-time study at an institution of higher education, train in an internship or residency program, or serve in the Armed Forces, Peace Corps, or specified programs under ACTION or the National Health Service Corps after the repayment period has begun. Borrowers may take from 10 to 15 years to repay the loan once repayment begins.

F. Federal Payment For Service

Borrowers may apply for Federal payment of both principal and interest up to a maximum of $10,000 a year through service in the National Health Service Corps or practice in a health manpower shortage area. This Federal payment for service will be at the option of the Federal government and available only to the extent that vacancies exist in the National Health Service Corps or if there are shortage areas in the academic discipline for which the borrower obtained his or her training.

G. Penalties

Repayment will be carefully monitored. Under law, there will be no discharge of loans by bankruptcy during the first five years of the designated 10- to 15-year repayment period. Persons in professional practice who default on their loans may have payments for any federally supported health care service, such as Medicare and Medicaid, reduced by the amount of the loan default. If a borrower breaches obligations entered into under a Federal payment for service contract, the United States Government will be entitled to recover damages.

State Student Incentive Grant Program

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State Student Incentive Grant Program

I. Program Profile

A. Statutory Authority

The State Student Incentive Grant program is authorized by Section 415 of Title IV, Part A (Subpart 3) of the Higher Education Act of 1965, as added by P.L. 92-318 in 1972 and amended by P.L. 94-482 in 1976 and P.L. 95-43 in 1977. The first SSIG appropriation was FY 1974 funds to be used by the States for student awards in the 1974-75 academic year.

B. Program Purpose

Through incentive grants to States, this program has encouraged establishment and expansion of State scholarship assistance to undergraduate postsecondary students with substantial financial need, thus stimulating development and operation of a nationwide delivery system of State programs of student assistance. By 1978, the SSIG network included all 50 states, the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory, and the Commonwealth of the Northern Mariana Islands. Of these jurisdictions, 27 represented expansions of scholarship programs in existence before SSIG was authorized in FY 1972 and the remaining 29 represent entirely new State scholarship programs.

In 1977, the State scholarship network was further strengthened by establishment of authorized State Student Financial Assistance Training Programs (Sec. 493C of Title IV, Part F, HEA), to be administered by designated SSIG agencies, in consultation with Statewide financial aid administrator organizations, to improve the proficiency of State and institutional financial aid administrators.

II. Program Operations

SSIG operations vary from State to State according to the size and maturity of scholarship programs managed by the individual States.

In the 1977-78 academic year, the SSIG nationwide appropriation equalled 8 percent of the Nation's State funded need-based undergraduate scholarship/grant programs ($60 million for SSIG, compared to $746.0 million in State funds, according to the Ninth Annual Survey of the National Association of State Scholarship and Grant Programs). In the various States, the ratio of SSIG to State funds ranged from less than 5 percent in New York, Pennsylvania, Illinois, and Vermont to more than 40 percent in 21 States.

In States with large and mature student aid programs, where records showing the source of individual student grants are maintained entirely in the central State agency, the institutional financial aid officer may not always be able to distinguish whether specific student awards include any SSIG funds. However, in some of the States with smaller or newer State grant programs, all State scholarships may routinely consist of equal parts of State and Federal SSIG funds, and the institutional financial aid officer may share some of the record-keeping functions with the State agency.

Because of the wide variations in State programs, student and institutional inquiries about SSIG and other State scholarships should generally be directed to the State scholarship agency, not to the Office of Education.

To help institutional financial aid officers understand the variety of State practices, this section describes some of the conditions and regulations which affect State program operations.

A. Available Funds

States receive annual SSIG allotments (formula grants), based on their higher education enrollments. Allotments must be matched equally be funds from State resources, for making initial and continuation awards to students for attendance at eligible postsecondary institutions.

The maintenance of effort provision requires that State matching represent an increase in the State's grant expenditure over the amount spent during an

established base year (defined as the second year prior to the State's entrance into the SSIG network).

Tuition waivers or remissions do not qualify as matching State dollars. However, if actual money is transferred, it is possible that the matching requirement is satisfactorily met through a tuition *grant* rather than a tuition *waiver*. The fundamental question to be answered is: Does real money actually change hands from State to institution to student; and is such transfer thoroughly documented as a cash transaction in the appropriate records at each level?

The usual practice is for the State to appropriate funds to match its SSIG allotment. However, in unusual circumstances where appropriated funds cannot be used, the State may, as an interim measure, request approval to match SSIG funds with other contributions from non-Federal sources (under provisions of 45 CFR 100b.90-94).

Basic allotments not used by one State may be reallotted to other qualified States. Within the constraints of Federal appropriations, States are free to schedule their own funding cycles for students in institutions, but funds may not be carried over from one fiscal year to the next. However, they may be used for summer terms provided they are obligated before June 30.

B. Administrative Patterns

States pay their own administrative costs; hence, all SSIG funds are used for awards to qualified students. Administrative organization of State programs falls into either a centralized or decentralized pattern, or a combination of these.

Most States, particularly those with mature State scholarship programs, use the centralized administrative pattern. The State agency receives and processes student applications, notifies students of awards, verifies attendance and makes disbursements, and keeps complete records on all student awards.

A few States, particularly those with relatively new State scholarship programs, use an administrative pattern in which the designated State agency decentralizes certain functions to participating institutions. In these cases, funds available through the State agency are generally suballocated to eligible institutions on the basis of enrollment and/or need formulas, and the institutions recommend SSIG grant recipients to the State agency for approval of individual awards out of these fund allotments.

In the centrally administered State grant program, actual student files are located in the State agency. In the decentralized form of State administration, where much of the student information is processed by the institutions, the institutional financial aid officer gives the State agency the types of information and documentation needed for formal approval of individual student awards. In either case, program oversight activities may include examination of student files at the institutions to verify attendance, levels of student aid, and other information which is part of the audit trail showing use of SSIG funds.

C. Student Applications and Awards

Students apply to the State agency either directly or through the institution. Every award requires the official State agency's formal approval, based on an examination of need.

SSIG awards go to undergraduates only. No student will be considered an undergraduate beyond 4 academic years except for the fifth year of a 5-year program leading to a first degree.

The maximum SSIG award is $1500 per academic year, reduced for less than full-time but at least half-time attendance. Half of each SSIG student award must be from State (non-Federal) resources.

Under current legislation, initial and continuation awards to students must be separately accounted for, and the needs of continuation students have priority. However, this priority can be met out of all-State funds instead of State plus Federal SSIG funds.

States have considerable freedom in determining whether to make a variety of differential SSIG awards in terms of relative student need or to level fund their SSIG awards to give a set amount to all students who meet the State's established need criteria.

D. State Criteria for Determining Substantial Need

Student recipients are selected annually on the basis of substantial need, under criteria established by the State and approved by the Commissioner. The SSIG Regulations provide flexibility for States to facilitate choice as well as access to postsecondary education for both middle-income and low-income students. To suggest reasonable outside limits in determining substantial financial need, Reg. S192.7 indicates student eligibility limits of (1) no more than $2,800 in expected family contribution; *or* (2) no less than a $90 difference between educational costs and expected family contribution; *or* (3) no more than a $20,000 net family income, *or* (4) other reasonably comparable need eligibility standards. Regardless of which of the above criteria the State selects, the designated State agency is responsible for final approval of individual student recipients, thus providing consistent patterns of dealing with candidates from throughout the State.

In practice, the State's selected set of standards determines the pool of applicants qualified by reason of need to compete for individual student awards.

Once the State has selected its standards for determining which students meet the need criteria, the next step is to establish procedures for selecting individual student recipients from among the eligible pool of students with substantial need and to determine the size of individual awards. Most States measure need by a single need analysis sytem (e.g., ACT, CSS, BEOG) for all applicants in order to be consistent. However, in decentralized programs, where institutions recommend student candidates for awards, subject to approval by the designated State agency, some States, at their own discretion, process student applications based on different USOE-approved need analysis systems used by the various institutions. In any event, the designated state agency has final authority for selection of recipients who meet the need criteria under standards established for the State-wide program.

E. State and Institutional Records of Student Recipients

State agencies responsible for administering SSIG funds must be able to document their decisions and disbursements, either from their own central records or from institutional records or both. Variations of student/institutional rosters are often sent back and forth between the State agency and the institutions to verify attendance, provide information related to student need, document disbursement of funds to students or student accounts, guard against overawards, and generally simplify communication and facilitate the provision of required records and reports.

To comply with the existing authorization, State student records and accounts must identify each individual student award as "initial" or "continuation" to permit aggregation of information by type of award. Furthermore, State agencies approve individual awards as initial or continuation. In making day-to-day award adjustments to maximize use of funds, State records must leave a clear audit trail to distinguish initial and continuation award recipients and to confirm that each award payment is received by or credited to the student. However, with State approval and within overall limits established by USOE, reclaimed continuation funds may be reissued as new (initial) awards, and vice versa, so long as the records are clear.

III. Student/Institutional Eligibility

Within the broad parameters of Federal financial aid regulations, States determine eligibility standards in terms of their own fiscal and constitutional restraints. Financial aid officers should be familiar with these restraints in order to advise their students and to facilitate their packaging of available aid to meet student needs.

A. Institutional Participation

A June 1977 amendment to the SSIG authorization provides that, "effective with respect to any academic year beginning on or after October 1, 1978, all non-profit institutions of higher education in the State are eligible to participate in the State program." Because this provision has raised certain questions based on apparent conflicts between Federal legislation and State constitutional or statutory limitations, the Education Commission of the States has suggested the need for a technical amendment which would clarify the provision for those States which need to resolve constitutional questions about aid to private schools and respond to court decisions forbidding assistance to bibliocentric colleges.

States are now preparing to follow procedures applicable to Federal student aid programs. In some institutions, eligibility may be limited to students in certain courses of study (for example, those which meet the definition of higher education) or to certain kinds of students (for example, to secular students as distinguished from those training for religious vocations). Some States find distinctions such as the above particularly relevant in determining eligibility of students in vocational/technical schools or in schools of religion.

Also, institutional participation may be affected by the fact that some States suballocate available SSIG funds among the various kinds of institutions on the basis of enrollment, need, or other criteria, including the availability of other (non-SSIG) State aid. In such instances, money not claimed for scholarships in one school may be reclaimed by the State and reassigned to other schools.

The non-profit institution amendment does not require States to include proprietary schools as eligible for State grants (although almost half the States make SSIG awards available to students attending proprietary institutions). However, some States now are experiencing questions about eligibility of students in schools which change their charters from proprietary to nonprofit without changing their programs or their staffs.

B. Student Participation

Student eligibility for State grants differs from State to State according to constitutional, statutory, or policy restrictions. (Some States have legislated formulas for determining assistance to individual students.)

Factors which may determine whether an individual student is eligible for an SSIG award include the State's definition of substantial need, the method of determining size of an award (including any special restrictions on maximums), and what costs can be covered. Some States limit awards to the costs for tuition and fees. Some include allowances for room and board and other costs. Some have allowances for commuters. Many State scholarship programs have restrictions which exclude part-time students and those who attend schools outside the State.

A few States have reciprocal arrangements to facilitate student exchanges with neighboring States, especially in unique program areas.

C. Certifying Student Academic Progress and Fiscal Responsibility

State student aid agencies should be familiar with institutional policy regarding the Federally required certification of student academic progress and fiscal responsibility; and State and institutional student aid officials should coordinate their certification activities to minimize overlap of records and avoid unnecessary duplication of effort. To provide appropriate oversight, State agencies may ask institutions to assist in certifying student eligibility by procedures such as one of the following:

1. Certification or affidavit by individual student:
   a. submitted with the student's application for assistance; or
   b. signed when the student accepts the assistance award.
2. Certification by institutions (e.g., on rosters of student awards):
   a. in centralized systems-at any time before students receive their award money; or
   b. in decentralized systems-when the institution recommends students for SSIG awards; or
   c. through agreements that the institution will notify the State agency whenever students become ineligible.

Simple certification concerns the applicant's eligibility to receive an award. It does not extend to exceptional cases or to subsequent refunds or defaults. States may, at their option and with appropriate documentation, if necessary, consider the following to be acceptable practices as a basis for certification of student eligibility in terms of academic progress, grant refunds, and loan defaults:

- The State may assume satisfactory academic progress if the student is accepted for admission or for continued enrollment in the institution.
- In cases where only State and Federal SSIG funds are involved, the State policies concerning satisfactory progress or refunds apply.
- In cases where BEOG, SEOG, NDSL, or GSL funds are involved with SSIG funds in a student's financial aid package, the appropriate program regulations concerning satisfactory progress, refunds, or defaults apply.
- With regard to a student owing a refund on a student grant, a State may consider the student eligible for SSIG payments if, during the current year, the refund can be eliminated through repayment by the student or through the institution's adjustment of financial aid payments to the student for that year.
- With regard to a student in default on a student loan, a State may consider the student eligible for SSIG payments if the student acknowledges the loan default in writing and provides acceptable written assurances that the default will be remedied within a reasonable time.

IV. Fiscal and Reporting Relationships With The State Agency

In general, fiscal and reporting relationships between participating institutions and the State scholarship agency vary according to whether the State scholarship programs are administered under a centralized or decentralized pattern. In any case, the State agency must maintain sufficient oversight to be accountable for disbursement of Federal funds and to make the required reports to the Commissioner of Education.

A. Financial Accounts

As a minimum, even in the most centralized administrative pattern, institutions must verify student assistance; supply assurances regarding student academic progress, status of grant refunds, and status of loan defaults; cooperate in packaging aid to avoid overawards; and document student acknowledgment of awards if funds are paid to the institution on behalf of the recipient.

In decentralized systems, where the State agency depends upon the institution to help screen applicants, the institutional records must also supply need-analysis documentation to justify formal approval of individual awards by the official State agency.

Auditable records for SSIG must show actual transfer of funds. Waivers are not acceptable. Generally, each student award payment consists of exactly equal amounts of Federal and State funds. However, some States make first-term awards out of State funds and provide the Federal matching during the second term. (The reverse is not acceptable because there would be no way to provide the State matching for students who drop out before the second term.)

Individual student awards are subject to approval by the designated State agency; institutions may not transfer awards from one student to another without the approval of the designated State agency. However, institutions and State agencies should maintain regular communication links which will facilitate the full utilization of any scholarship funds which become available later in the year.

Whenever possible, State agencies encourage (and request evidence of) institutional adjustments in discretionary awards to bring student aid packages within the limits of measured financial need. Where institutional adjustments are not possible, or where an overaward is identified "after the fact" and must be corrected, the overaward limitations follow the procedures applicable to other Federal student aid - e.g., request a refund of any amount by which the student's total student aid package is more than $100 above need, when aid does not include CWS; and of any amount by which the package is more than $200 above need, when CWS is involved.

All SSIG funds (Federal plus State) recovered from overawards should be reissued to other qualified students for the relevant award period, unless records for the period have been closed.

If such funds are not reissued to qualified students, the State must return the recovered Federal portion to the Office of Education. To provide for maximum utilization of funds, States are encouraged to maintain careful liaison with institutions and, where funds are not claimed by students or where funds are recovered from students, to take steps to award those funds to other qualified students at the same institution or at other institutions where there are qualified students.

B. Reports

The State agency requires certain institutional reports to document disbursement of Federal funds to student recipients in compliance with regulations, to get information needed to improve efficiency in the operation of State scholarship programs, and to provide data for State budgets and for annual reports to the U.S. Commissioner of Education.

The actual form and content of institutional reports will vary from State to State, depending upon the size and maturity of the State scholarship programs and other factors. There are no standard formats or channels for these institutional reports. For example, information about recipients by income level may come either from the central office records or from the institutions. Communication may follow established procedures and forms or may be developed anew through cooperative efforts of State and institutional representatives.

C. Student and Institutional Inquiries

Specific and detailed information on State scholarship policy and practices, on student and institution eligibility, and on provisions for grants to students attending out-of-State institutions is available from State agency official contacts, as listed on the directory in Appendix E.

V. State Student Incentive Grant Program Regulations

The program regulations are codified as CFR Title 45, Part 192. They were first published as final regulations on May 31, 1974, and were amended on April 23, 1975. Special allotment procedures were published annually and later incorporated in Regulation 192.3(f) to cover distribution of lump sum appropriations under the separate authorizations for initial and continuation awards. Updated and consolidated regulations were published in final form September 14, 1977.

4. The non-Federal portion of all of the grants awarded under the SSIG Program shall come from resources provided by the State (which may include, but are not limited to, contributions to the State from non-Federal third-party sources, under Regulations contained in 45 CFR 100b.91). In addition, State funds for making awards to students under the SSIG Program shall represent an increase over the funds expended by the State for all student scholarships/grants (whether or not based on financial need, and including both undergraduate and graduate-level awards) in the State's base year, which is the second fiscal year prior to the fiscal year in which the State first received Federal funds under the SSIG Program. The base year and the "base level of effort" for your State are shown on page 1 of this document. (It is understood that this base level of effort is subject to later audit before being finally accepted by the Commissioner.)
5. The total costs charged to the Federal Government for the performance of this grant shall not exceed the total amount set forth in the attached Notification of Grant Award, or any appropriate modification of the grant. Expenditures of the agency may be charged to this grant only if (a) they are in payment of an approvable obligation for student awards incurred during the grant period, and (b) they conform to the approved State application for Federal SSIG Program funds for this grant period.
6. All Federal SSIG Program funds shall be expended only for making grants to eligible undergraduate students with substantial financial need:

a. No portion of the granted funds shall be used for program administration.
b. The agency shall make initial awards only to eligible students who have *not* previously received awards under the SSIG Program, within the approved dollar limit appearing on the grant award notification document.
c. The agency shall make continuation awards only to eligible students who have previously received either initial or continuation awards under the SSIG Program.
d. No payment may be made to a student under this program unless the student (1) is maintaining satisfactory progress in a course of study according to the standards and practices of the institution at which the student is enrolled, (2) does not owe a refund on a grant previously received under the Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, or State Student Incentive Grant Programs, or (3) is not in default on a loan made, insured, or guaranteed Student Loan Programs.

Current Regulations For Student Financial Aid Programs Authorized Under Title IV Of The Higher Education Act Of 1965, As Amended

This appendix lists all final regulations and Notices of Proposed Rule-making that have been published in the Federal Register through June 1977 by the various program units within the Bureau of Student Financial Assistance, USOE, governing the *current operation* of the Title IV student financial aid programs. Earlier sets of regulations applicable to prior years that are *not* included here.

Regulations appear in the Federal Register either as final regulations, interim final regulations, or as a Notice of Proposed Rulemaking (NPRM). Unless indicated as an NPRM or as interim final regulations, all documents listed below are final regulations.

I. General Provisions Relating To Student Assistance Programs

Sections 131, 132, and 133 of the Education Amendments of 1976 contain general provisions applicable to all six student financial aid programs authorized under Title IV of the Higher Education Act of 1965, as amended (as well as to the Title IV programs of special services to students). Notices of Proposed Rulemaking (proposed regulations) implementing Sections 131, 132, and portions of Section 133 were published in the Federal Register on April 8, 1977.

The regulatory material implementing Section 131 and protions of Section 133 added three new parts to Title 45 of the Code of Federal Regulations:

Part	*Subject*	*Date of Publication*
1. Part 168, Subpart H	Procedures for the Limitation, Suspension, or Termination of Institutional Eligibility for Programs under Title IV of the Higher Education Act of 1965.	December 23, 1977
2. Part 178	Student Consumer Information Services	December 1, 1977
3 Part 178a	State Administered Programs-Incentive Grants for State Student Financial Assistance Training Programs	September 14, 1977

The material implementing Section 132 was published as four Notices of Proposed Rulemaking amending applicable sections of the Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, College Work-Study, and National Direct Student Loan Program regulations - respectively, Sections 190.75 and 190.77, Sections 176.14 and 176.17, Section 175.9, and Section 144.15. Proposed regulations implementing Section 132 with respect to the State Student Incentive Grant Program and the Guaranteed Student Loan Program will be issued later.

II. Basic Educational Opportunity Grant Program - Code of Federal Regulations Title 45, Part 190,

At the time of printing, the current Basic Grant administrative regulations were as follows:

Subject:	*Date*
Scope, General Difinitions, Application Procedures, and Allowable Educational Costs	November 6, 1974
Administration of Payments	December 2, 1974
Part-time student eligibility and award calculation.	August 10, 1976

At the time this handbook went to print, the publication date of the final regulations resulting from the May 15, 1978 Notice of Proposed Rulemaking was not known. These regulations will revise and consolidate all existing regulations other than those contained in the Family Contribution Schedules, which are revised annually in accordance with statutory requirements.

A list of the May 15, 1978 NPRM subparts follows:

Subpart	*Subject*
A	Scope, Purpose, and General Definitions
B	Application Procedures for Determining Expected Family Contribution.
C	Family Contribution Schedule - Dependent Students
D	Family Contribution Schedule - Independent Students
E	Cost of Attendance
F	Determination of Basic Grant Awards
G	Administration of Grant Payments - Regular Disbursements System
H	Administration of Grant Payments - Alternate Disbursement System

This NPRM, as well as the final regulations when published, is available from the Division of Policy and Program Development, Bureau of Student Financial Assistance, U.S. Office of Education Washington, D.C. 20202.

III. State Student Incentive Grant Program - Code of Federal Regulations Title 45, Part 192

The program regulations are codified as CFR Title 45, Part 192. They were first published as final regulations on May 31, 1974, and were amended on April 23, 1975. Special allotment procedures were published annually and later incorporated in Regulation 192.3(f) to cover distribution of lump sum appropriations under the separate authorizations for initial and continuation awards. Updated and consolidated regulations were published in final form September 14, 1977.

IV. Campus-Based Student Financial Aid Programs- Supplemental Educational Opportunity Grants, College Work-Study, and National Direct Student Loans

A. The most recent set of program regulations for each of the three campus-based programs is a single publication of all *codified* program regulations. This document was published as Interim Final Regulations on August 24, 1978. It includes NDSL (CFR 45, Part 144); CWS (CFR 45, Part 175); and SEOG (CFR 45, Part 176).

B. In addition to the above documents, there are two sets of proposed regulation applicable to these programs:

1. Treatment of Assets of Eligible Indian or Native American Students, NPRM, August 27, 1976, amending unspecified sections of the SEOGP, CWSP, and NDSLP regulations.

C. Special Publications Pertaining to the Commissioner of Education's Approval of Need Analysis Systems.

The following Federal Register publications are not codified. They are revised annually, in accordance with the provisions of Sections 176.13, 176.13, 175.13, and 144.13 of the SEOG, CWS, and NDSL regulations, respectively.

1. June 23, 1977 - U.S. Office of Education Sample Cases and Benchmark Figures for Academic Year 1977-78.
2. October 5, 1977 - Approved list of Need Analysis Systems for use by Institutions of Higher Education in Applying for Funds and in Determining Awards to Students for the Academic Year 1977-78 under the SEOG, CWS, and NDSL Programs.

D. For each academic year the Commissioner of Education must publish in the Federal Register a list of public and other nonprofit elementary and secondary schools at which National Defense Student Loan and National Direct Student Loan borrowers, or both, may receive accelerated cancellation for teaching service. These lists are submitted by State educational agencies in accordance with approved State plans. Because the statutory conditions governing the compilation of these lists vary between Defense loans and Direct loans, it is possible for a particular school to be an eligible school for accelerated cancellation for Defense loans only, Direct loans only, or both, for a particular academic year. The most recent published listing at the time the Handbook went to print was a listing published on November 6, 1975, pertaining to teaching service during academic year 1975-76. A combined listing for academic years 1976-77 and 1977-78 was published on June 2, 1978 and was mailed to all institutions participating in the NDSL Program.

E. See Section I above for additional proposed regulations published on April 8, 1977, resulting from Sections 131 and 133 of the Education Amendments of 1976 and pertaining to all Title IV student financial aid programs.

V. Guaranteed Student Loan Program

A. There have been 66 regulations documents

published in the Federal Register implementing the Guaranteed Student Loan Program since its original enactment as Title IV, Part B, of the Higher Education Act of 1965, November 8, 1965. Many of these have been announcements of the quarterly special allowance rates. The current program regulations are codified as CFR Title 45, Part 177.

B. A complilation of the complete regulations as of January 29, 1976 was included as Appendix C of the Federal Insured Student Loan Program Manual for Lenders, published on September 30, 1976. A copy of that compilation may be obtained from the Office of Guaranteed Student Loans.

C. Proposed and final regulations which have been published in the Federal Register (other than special allowance rates) since the Appendix C compilation are as follows:

Date and Federal Register Reference	*Subject*
November 5, 1976, Vol. 41, No. 215, pp. 48862 - 48910	Proposed rules for general revision of program regulations in accordance with Section 503 of the Education Amendments of 1972 (P.L. 92-318). Includes impact of Education Amendments of 1976 (P.L. 94-482) and a notice of intent to publish implementing regulations, as well as the text of selected provisions of P.L. 94-482.
November 5, 1976 Vol. 41, No. 215, pp. 48910 - 48912	Proposed rules to provide the Commissioner with discretionary authority to require lenders to disburse FISLP loan proceeds to borrowers by means of an escrow agent.
December 14, 1976 Vol. 41, No. 241, pp. 54487 - 54489	Interim final regulation amending previous regulations by substituting a presiding officer for unavailable Administrative Law Judges at hearings considering limitation or termination of an institution's or lender's program eligibility.
April 5, 1978	Proposed rules providing inmpementation and interpretation of the legislative amendments of 1976 and 1977, and incorporating various policy changes which do not result specifically from the legislative amendments.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
BUREAU OF STUDENT FINANCIAL ASSISTANCE
AGREEMENT COVERING INSTITUTIONAL PARTICIPATION IN
PROGRAMS OF STUDENT FINANCIAL ASSISTANCE

_____
Name of Institution

_____
Address of Institution

_____
IRS Employer Identification Number

(referred to below as the "Institution") and the Commissioner of Education, U.S. Department of Health, Education, and Welfare (referred to below as the "Commissioner") agree to the terms of ARTICLES I, II, XI and XII, and the other ARTICLES of this agreement that are applicable to each program identified in ARTICLE I.

ARTICLE I. SCOPE OF COVERAGE

1. This Agreement covers the Institution's eligibility to participate in each of the following checked programs:

( ) BASIC EDUCATIONAL OPPORTUNITY GRANTS PROGRAM (BEOG) - Regular Disbursement System 20 U.S.C. 1070a; 45 CFR Part 190.

( ) BASIC EDUCATIONAL OPPORTUNITY GRANTS PROGRAM (BEOG) - Alternate Disbursement System 20 U.S.C. 1070a; 45 CFR Part 190 Subpart H.

( ) NATIONAL DIRECT STUDENT LOAN PROGRAM (NDSL)* - 20 U.S.C. 1087aa-1087ff; 45 CFR Part 144.

( ) GUARANTEED STUDENT LOAN PROGRAM (GSLP) - 20 U.S.C. 1071-1087-4; 45 CFR Part 177.

( ) SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM (SEOG) - 20 U.S.C. 1070b; 45 CFR Part 176.

( ) COLLEGE WORK STUDY PROGRAM (CWS) - 42 U.S.C. 2751-2756; 45 CFR Part 175, Subpart A.

( ) JOB LOCATION AND DEVELOPMENT PROGRAM - 42 U.S.C. 2756a; 45 CFR Part 175, Subpart B.

* The National Direct Student Loan Program is a continuation of the National Defense Student Loan Program authorized by Title II of the National Defense Education Act of 1958, as amended. (20 U.S.C. 421-429)

2. The Institution agrees to comply with the statute of each program checked, any applicable provision of the "General Provisions Relating to Student Assistance Programs" found in Title IV-F of the Higher Education Act of 1965, as amended (20 U.S.C. 1088-1088g) ("General Provisions") and any regulations, as they become effective, implementing those statutory requirements.

3. The Institution agrees to use the funds advanced to it under each program for the purposes specified in, and in accordance with the provisions set forth in, the statute authorizing the program, the "General Provisions", and the regulations in effect implementing that program statute and the "General Provisions.

4. The Institution agrees to comply with Title VI of the Civil Rights Act of 1964, as amended, and the regulations implementing that act, 45 CFR Part 80 and 81 (discrimination on the basis of race, color, or national origin); Title IX of the Education Amendments of 1972 and its implementing regulation, 45 CFR Part 86 (discrimination on the basis of sex); and section 504 of the Rehabilitation Act of 1973, 45 CFR Part 84 (discrimination on the basis of physical handicap).

ARTICLE II. PROVISIONS APPLICABLE TO ALL PROGRAMS

The Institution agrees to perform the functions and activities required to be performed under paragraphs 2 and 3 of ARTICLE I of this agreement. These functions and activities include, but are not limited to:

1. Student Eligibility

Before paying any money under any program (other than the Guaranteed Student Loan Program), the Institution agrees to:

(a) determine that a student is eligible under the specific program regulations for that assistance, and

(b) have on file the required executed affidavit of educational purpose.

Before providing any information to a lender under the Guaranteed Student Loan Program, the Institution agrees to determine that a student is eligible for that loan.

2. Administrative Allowance

If an Institution receives an administrative allowance under any program, it agrees to use those funds to carry out the Student Consumer Information requirements set forth in section 493A of the Higher Education Act of 1965, as amended, and the Student Consumer Information Services regulations, 45 CFR 178. The Institution agrees to use any administrative allowance remaining after it carries out those activities to administer the Federal student financial assistance programs.

ARTICLE III. BASIC GRANTS PROGRAM - REGULAR DISBURSEMENT SYSTEM

The Institution agrees to perform the functions and activities set forth in Subpart G of the program regulations (45 CFR 190, Subpart G). These functions include, but are not limited to:

1. determining the eligibility of students to receive awards,
2. computing the amount of Basic Grants according to Subpart F of the program regulations and the payment schedule provided by the Commissioner,
3. documenting and verifying the information on the Student Eligibility Report for students selected by the Commissioner,
4. paying funds to the student directly or to the student's account,
5. recovering award overpayments, and
6. maintaining records and accounting for funds.

ARTICLE IV. BASIC GRANTS PROGRAM - ALTERNATE DISBURSEMENT SYSTEM

Under the Alternate Disbursement System the Institution agrees to perform the functions set forth in Subpart H of the program regulations. (45 CFR 190, Subpart H). These functions include:

1. providing each student, upon request, with the appropriate form needed to calculate the student's award,
2. providing information necessary for the computation and disbursement of awards including confirming that the student is eligible for a payment,
3. certifying the accuracy of the information supplied by the student,
4. maintaining records relating to a Basic Grant recipient's enrollment status, costs of attendance and period of enrollment, and
5. providing access to the Commissioner or his designate to those records.

ARTICLE V. NATIONAL DIRECT STUDENT LOAN - SPECIFIC PROVISIONS

1. The Institution agrees to establish and maintain a National Direct Student Loan Fund (Fund) for the purpose of making loans to eligible students. (Any student loan Fund established under an agreement under Section 204 of Title II of the National Defense Education Act of 1958, as amended, is considered established under Section 463 of Title IV, Part E, of the Higher Education Act of 1965, as amended. Any asset of that Fund is considered to be an asset of the Fund established under this Agreement.)

2. The Institution agrees to deposit promptly in the Fund:

(a) Federal Capital Contributions received by the Institution,
(b) an amount from its own funds, equal to not less than one-ninth of the Federal contribution (Institutional capital contribution),
(c) collections of principal and interest on loans made from the Fund,
(d) penalty charges collected according to Subpart B of the program regulations,
(e) payments made to the Institution by the Commissioner as a result of cancellations on loans made after June 30, 1972 (Direct Loans),
(f) any other earnings of the Fund, and
(g) short-term interest-free loans made by the Institution to the Fund in anticipation of collections.

3. The Institution agrees to use the Fund only for:

(a) loans to students in accordance with the program regulations,
(b) an administrative allowance in accordance with ARTICLE II, paragraph 2 of this Agreement,
(c) costs of litigation and other collection costs as specified in Subpart C of the program regulations,
(d) capital distributions as provided in Subpart A of the program regulations, and
(e) repayment to the institution of the short-term loans made in accordance with subparagraph 2 (g) of this Article.

4. The Institution agrees to use due diligence in the collection of loans made from the Fund according to the requirements of Subpart C of the program regulations. If a loan has been in default for at least two years despite the Institution's exercise of due diligence, the Institution may assign its rights to the note to the United States Government without recompense.

5. The Institution agrees to submit a report to the Commissioner on at least a semi-annual basis indicating the total number of loans made from its Fund which are in default for 120 days for loans repayable in monthly installments or for 180 days for loans repayable in less frequent installments, and

6. The Institution agrees to make loans from the Fund reasonably available (to the extent of available funds in the Fund) to all eligible students in need thereof.

ARTICLE VI. GUARANTEED STUDENT LOAN - SPECIFIC PROVISIONS

1. The Institution agrees to comply with all program statutes and regulations.

2. This Agreement does not authorize the Institution to make loans under the Guaranteed Student Loan Program.

ARTICLE VII. SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS - SPECIFIC PROVISIONS

1. The Institution agrees to consider the source of a student's income and that of any individual or individuals upon whom the student relies primarily for support and agrees to make an appropriate review of the assets of the student and these individuals in determining whether the student has exceptional financial need.

2. The Institution, either on its own or in cooperation with other eligible institutions, agrees to undertake a vigorous effort to identify youths of exceptional financial need and encourage them to continue their education beyond secondary school through the development of close liaison with high school principals, counselors and community leaders. The Institution agrees, to the extent feasible, to make conditional commitments for Supplemental Grants to qualified secondary students who, but for such grants, would be unable to receive a postsecondary education. In making commitments, the Institution further agrees to place special emphasis upon students in grades 11 or lower who show evidence of academic or creative promise.

3. The Institution agrees to make Supplemental Grants reasonably available (to the extent of available funds) to all eligible students.

ARTICLE VIII. COLLEGE WORK-STUDY PROGRAM - SPECIFIC PROVISIONS

1. The Institution agrees to conduct a program of part-time employment for eligible students in work for the Institution itself (except in the case of a proprietary institution of higher education), or work in the public interest for a Federal, State, or local public agency or a private non-profit organization under an arrangement between the Institution and the agency or organization. That work is not considered in the public interest if:

(a) it is primarily for the benefit of the members of a limited membership organization (such as a credit union, a fraternal or religious order, or a cooperative), rather than for the public at large,
(b) it is to be performed for an elected official other than as part of the regular administration of Federal, State, or local government, or
(c) it is work for which the political support or affiliation of the student is taken into consideration.

2. In selecting students for employment, the Institution agrees to give preference to students with the greatest financial need, taking into account grant assistance provided the student from any public or private sources.

3. The Institution agrees to furnish employment only to a student who:

(a) has financial need;
(b) shows evidence of academic or creative promise and capability of maintaining good standing in that course of study while employed; and
(c) has been accepted for enrollment at the institution as at least a half-time student or, in the case of a student already enrolled in and attending the institution, is in good standing and in attendance there as at least a half-time student.

4. (a) The Institution agrees that the Federal share of the compensation of students employed under this Agreement will not exceed 80 percent of such compensation. ("Federal share" means the CWS funds allocated to the institution.)

(b) The Commissioner may approve a Federal share of more than 80 percent of the compensation under conditions set forth in Subpart A of the program regulations where the Institution has been officially designated a "developing institution of higher education," or the Institution can demonstrate that at least 50 percent of its students who are enrolled as at least half-time students have parents whose annual adjusted gross income is less than $7,500.

5. The Institution agrees that no student employed in the College Work-Study Program will be required to terminate that employment during a semester (or other regular enrollment period) at the time income derived from any additional employment together with the College Work-Study income is in excess of the

amount determined to be needed by the student for that semester (or other regular enrollment period). However, when that excess income equals $200 or more, continued employment under the College Work-Study Program must not be subsidized with funds allocated to the Institution under this part.

6. The Institution agrees that employment under the College Work-Study Program will be made reasonably available (to the extent of the available funds) to all eligible students in the Institution in need thereof, and that equivalent employment offered or arranged by the Institution will be made reasonably available (to the extent of available funds) to all students in the Institution who desire employment.

7. An area vocational school agrees to the provisions of paragraph (1) through (6) of this Article and further agrees that a student in that school is eligible to participate in the College Work-Study Program only if the student:

(a) Has a certificate of graduation from a school providing secondary education or the recognized equivalent of that certificate (GED); and
(b) Is pursuing a program of education or training which requires at least six months to complete and is designed to prepare the student for gainful employment in a recognized occupation.

ARTICLE IX. MAINTENANCE OF EFFORT - SEOG AND CWS PROGRAMS ONLY

1. For each award year in which an Institution receives an allocation under the Supplemental Educational Opportunity Grants Program or the College Work-Study Program, the Institution agrees to spend from its own scholarship and student aid programs, from sources other than funds received under this Agreement, an amount which is not less than its three year base level amount. The base level amount is calculated in accordance with the maintenance of effort section of the Supplemental Educational Opportunity Grants Program and College Work-Study Program regulations (45 CFR 176 and 175 respectively).

2. This Agreement is not a new agreement for purposes of the maintenance of effort requirements set forth in the Supplemental Educational Opportunity Grants and College Work-Study Program regulations.

ARTICLE X. JOB LOCATION AND DEVELOPMENT PROGRAM - SPECIFIC PROVISIONS

In establishing a Job Location and Development Program, or in expanding its own existing program, the Institution agrees to comply with the conditions set forth in 45 CFR 175 Subpart B which include, but are not limited to, the following:

1. The Institution certifies that the Federal funds used for this program can realistically be expected to help generate student wages exceeding in the aggregate the amounts of these Federal funds.

2. The Federal share of the cost of any Job Location and Development program, will not exceed 80 percent of the program's cost.

3. The Institution will continue to spend in its own job location and development programs, from sources other than funds received under Subpart B of the program regulations, not less than the average expenditures per year made during the most recent three fiscal years preceding the effective date of this Agreement.

4. The Program will locate and develop jobs for students during and between periods of enrollment and will not locate or develop jobs for students to obtain upon graduation.

5. The Program will not:

(a) locate or develop jobs at the Institution, or
(b) displace currently employed workers, or impair existing contracts for services.

6. The Institution will submit an annual report to the Commissioner providing:

(a) the uses made of funds provided for the Job Location and Development Program regulations, and
(b) an evaluation of the effectiveness of the program in benefitting students of the Institution.

7. If funds are used to contract with another organization, the contract will include appropriate performance standards.

8. The effective date of the Job Location and Development Program will be the later of (a) July 1, 1977 or (b) the date on which this program is initiated by the Institution.

ARTICLE XI. AGREEMENT DURATION

1. Except for the Job Location and Development Program discussed in ARTICLE X, this Agreement is effective on the date executed by the Commissioner. This Agreement supersedes any prior Agreements between the Commissioner and the Institution concerning the administration of any Title IV program covered by this Agreement.

2. This Agreement terminates:

(a) On the date the Institution undergoes a change of ownership which results in a change of control, or
(b) On June 30th of the award year in which the Institution undergoes a certification review.

3. A certification review means a formal appraisal by the Commissioner of the Institution's financial responsibility and administrative capability to administer and participate in the programs covered by this Agreement.

4. The Commissioner or the Institution may terminate this Agreement under a program regulation or under the Limitation, Suspension or Termination regulations (45 CFR 168). In the event of termination by either party, the termination will become effective on the date specified by the applicable regulation.

ARTICLE XII. SIGNATORIES

As Chief Executive Officer of this Institution, I agree that this Institution, its branch campus(es) (if any) and its representatives will comply with all laws and program regulations applicable under this Agreement.

_____ _____
Signature of Chief Executive Officer Date

_____
Name

_____
Title

This agreement includes the following Branch Campus(es):

Name(s) and Address(es) of Branch Campus(es)	IRS-EI Number
_____	_____
_____	
_____	_____
_____	
_____	_____
_____	

_____ _____
For the Commissioner Date

STUDENT AFFIDAVIT

(For the Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, College Work-Study, National Direct Student Loan, Guaranteed and/or Federally Insured Loan Programs)

TO THE APPLICANT FOR FEDERAL STUDENT FINANCIAL ASSISTANCE

Section 498 of the Higher Education Act (20 U.S.C. 1088g) requires that each recipient of a grant, loan, or loan guarantee under the Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, National Direct Student Loan or Guaranteed/Federally Insured Student Loan Programs file an affidavit stating that money attributable to such a grant, loan or loan guarantee will be used solely for expenses related to attendance or continued attendance at an institution of higher education. The amount of compensation received from employment under the College Work-Study Program is based on a student's need for such funds to attend an institution of higher education, thus earnings from that program must be used solely for expenses related to attendance at such an institution. A student participating in the College Work-Study program shall file an affidavit to that effect.

WHERE TO FILE THE AFFIDAVIT

A notarized copy of this form is to be filed with the institution or agency which provides the funds to the applicant under these programs. In other words, if you receive a Federal grant or loan from an institution of higher education an affidavit must be filed with that institution. If you obtain a Guaranteed or Federally insured loan from a bank or other lending agency, the form must be filed with that bank or lending agency. The institution or agency will insert the affidavit in your records.

NOTE: The student must sign this affidavit in the presence of a notary or other person legally authorized to administer oaths or affirmations. This person must also sign the affidavit.

NUMBER OF COPIES

You may need to file more than one copy of this affidavit in case more than one institution or agency is providing money to you. If you receive a grant from an institution of higher education and a loan from a bank, a notarized copy of the affidavit must be filed with both the institution and the bank. If you receive a grant, work-study assistance, and a loan from an institution of higher education, only one copy of the affidavit must be filed with the institution.

WHEN TO SUBMIT THE AFFIDAVIT

The affidavit must be submitted before or at the time you receive financial assistance from the institution or agency. The certification is effective for the academic period covered by the student financial aid award you are receiving.

AFFIDAVIT

I hereby affirm that any funds received under the Basic Educational Opportunity Grant, the Supplemental Educational Opportunity Grant, the College Work-Study, the National Direct Student Loan, or the Guaranteed/Federally Insured Loan Programs will be used solely for expenses related to attendance or continued attendance at the institution below. I further understand that I am responsible for repayment of a prorated amount of any portion of payments made which cannot reasonably be attributed to meeting educational expenses related to the attendance at that institution. The amount of such repayment is to be determined on the basis of criteria set forth by the U.S. Commissioner of Education.

I affirm that, to the best of my knowledge, I do not owe a repayment on a Basic Educational Opportunity Grant, a Supplemental Educational Opportunity Grant, or a State Student Incentive Grant previously received for study at the institution below. To the best of my knowledge, I am not in default on a National Direct Student Loan made at the institution or any Guaranteed/Federally insured student loan guaranteed or insured by the Commissioner or by a guarantee agency for attendance at that institution.

_____
(Name of Institution)

_____ Date: _____
Signature (sign only in presence of Notary)

Academic period covered by award(s) _____ 19__ to _____ 19__
(month) (year) (month) (year)

Subscribed and sworn before me this _____ day of _____, 19__

My commission expires: _____

_____
(Signature of Notary Public)

_____
(Address of Notary Public)

SEAL

Institutional PROGRESS REPORT for Basic Educational Opportunity Grants.

Academic Year 1978-79

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
Washington, D.C. 20202

PLEASE read instructions before completing this form
FORM APPROVED
OMB NO. 51-R0993

(1-6) 1. BEOG ID NO.:
(7-8) (9-20) 2. EIN NO.:

(27) 3. Report for: (Check One Box Only)
1 ☐ Oct. 31 2 ☐ Feb. 28 3 ☐ June 30
4 ☐ AD HOC Request for Change in current OE Approved Authorization (Use between reporting periods 7/1/78 thru 6/30/79)
5 ☐ June Revised (Use only if June 30 report previously filed)

SECTION I — GENERAL INFORMATION (Complete only if information below is incomplete or incorrect)

4. Institution NAME and ADDRESS

(28) ☐ Check here when NAME and/or ADDRESS has changed and indicate changes below:

(29-34) 8. Date of Submission: ___ / ___ / ___ (mo. / day / year)

(35-42) 9A. Amount for 1978-79 Part-time BEOG recipients $

(43-48) 9B. No. of 1978-79 Part-time BEOG recipients

(49) 10. SIGNATURE _____

Official responsible for this PROGRESS REPORT (Sign item 10)
5. Name:
6. Title:
7. Phone:

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form may be subject to a fine of up to $10,000 or to imprisonment of up to 5 years or to both under provisions of the United States Criminal Code. Such provisions may include, among others 18 U.S.C. 1001.

SECTION II — INSTITUTIONAL INFORMATION (Complete only if information below is incomplete or incorrect)

(50) 11. Type of institution:
1 ☐ University
2 ☐ Other 4-year
3 ☐ At least 2-yr, but less than 4-year
4 ☐ At least 1-yr, but less than 2-year
5 ☐ At least 6 mos., but less than 1-yr.

(51) 12. Control:
1 ☐ Public
2 ☐ Private, non-profit
3 ☐ Private, profit making

(52-54) 13. U.S. Congressional District:

1978-79 Undergraduate Enrollment	Percent Living On-Campus
(55-60) 14. A. Full-time:	(61-63) B. Full-time: %
(64-69) 15. A. Part-time:	(70-72) B. Part-time: %

(73) 16. Accreditation Status:
1 ☐ Fully Accredited
2 ☐ Candidate
3 ☐ Correspondent
4 ☐ "3 Letters"
Specify Agency:

(74-75) 17. Length of Academic Year (from 7/1/78 to 6/30/79 or equivalent on which charges below are based: ___ months

18. Average Institutional Charges per Full-time Undergraduate Student: For 1978-79. 2(7)

(9-16)	Tuition and Fees (In-State)	A. $
(17-24)	Room (On-Campus)	B. $
(25-32)	Board (On-Campus)	C. $
	For 1979-80 (Estimated)	
(33-40)	Tuition and Fees (In-State)	D. $
(41-48)	Room (On-Campus)	E. $
(49-56)	Board (On-Campus)	F. $

SECTION III — AUTHORIZATION (See instructions. Complete only. Do NOT show cents.)

		Amount (A)	No. of BEOG Recipients (B)
19. Gross Expenditures (actual payments to students to date for current academic year)	3(7)(9-16) 19.	$	(17-24)
20. Less Recoveries (to date for current academic year only)	(25-32) 20.	$	
21. Net Expenditures	(41-48) 19 - 20 = 21.	$	
ESTIMATED DEMAND FOR ADDITIONAL FUNDS (for remainder of current academic year):			
22. Amount for Present Recipients	(57-64) 22.	$	
23. Amount for Additional Recipients Expected to Qualify	(65-72) 23.	$	(73-80)
24. Total Estimated Expenditures and Recipients	4(7)(9-16) 21 + 22 + 23 = 24A.	$	
(for ENTIRE academic year: 7/1/78—6/30/79)	19B + 23B = 24B.		(17-24)
25. Current OE Approved Authorization per USOE records as of: (for academic year 7/1/78—6/30/79)	(25-32) 25.	$	
26. Institution's Estimated Authorization Adjustment	(33-40) 24 - 25 = 26.	$ + −	

27. Number of Student Eligibility Reports Previously Submitted	(41-48) 27.	
28. Number of Student Eligibility Reports Submitted with this Report	(49-56) 28.	
29. Total Number of Student Eligibility Reports Submitted	(57-64) 27 + 28 = 29.	

30. Tape Number (for institutions utilizing tape exchange program) ___ ___ ___

(20 USC 1070a, 45 CFR 190.81). OE FORM 255-3, 6/78 PREVIOUS EDITION IS OBSOLETE.

Further monies or other benefits may, but not necessarily, be withheld under this program unless this report is completed and filed as required under existing law and regulations *(20 USC 1070a, 45 CFR 190.81).*

INSTRUCTIONS FOR PREPARING PROGRESS REPORT

OE FORM 255 3-6/78

Progress Reports are the vehicle through which necessary adjustments to the initial authorization of BEOG funds are made, based on the actual demand for funds as reflected by the enrollment of actual entitled students at the institution. Progress Reports are also intended to monitor the allocation of Basic Educational Opportunity Grant funds for a given funding period and to report the payment of these funds by institutions to student recipients. Progress Reports *must* be filed for accounting periods ending October 31, February 28, and June 30. These reports must be forwarded to USOE by November 15, March 15, and July 15, respectively. In addition, Ad Hoc reports may be submitted once per reporting period, if it becomes necessary for an institution to obtain an adjusted authorization amount to receive additional funds. The June 30 Progress Report is intended to be the final report of expenditures of BEOG funds.

The following should be noted with regard to the completion of the Progress Reports:

A. *Accurate Completion of the Progress Report is essential* to insure that BEOG funds for your students are received without lengthy delays. *You should read the following instructions carefully before entering the information requested for each item.* You should respond to all applicable questions on the Report form.
B. If you are a Central Administrative Unit reporting for several campuses or schools, you must be certain to include information *only* for those campuset or schools eligible to participate in the BEOG program and included in your Current BEOG Letter of Agreement with the Office of Education.
C. When estimates of your school's need for additional BEOG funds are requested, *the estimates should be as realistic and accurate as possible.* Since all appropriate BEOG commitments to students will be honored, no systematic advantage will accrue from over-requesting of funds. *If you request excessive funds* you may experience a delay in the authorization of the funds you will realistically need for your students as a result of editing and review procedures in USOE.
D. The Progress Report is a four part form. *The processing, file, and SER copies, along with the SERs, should be mailed to:*

Basic Grant Program
P.O. Box 2468
Washington, D.C. 20013

The SERs are submitted to document the disbursements you have made since filing your last Progress Report (see instructions, Items 27, 28, 29). You should retain the fourth copy of the Progress Report for your records. Do not mail SERs separately. They must accompany a Progress Report. Separately mailed SERs will be returned to the sender.

If you have questions concerning the Progress Report, please contact your Area Representative on (202) 245-1271 for assistance.

PREFACE

On the regular Progress Report, complete all items. On the computer-generated form, complete all blank spaces and any information which is incomplete or incorrect.

IDENTIFYING DATA

Item 1. BEOG ID No. (Previously referred to as OE Vendor No.) Enter the six digit number assigned to your institution by the U.S. Office of Education. This number appears on your BEOG Authorization Letter. If you are not sure of your number, contact your Area Representative.

Item 2. EIN No. Enter the twelve digit number assigned to your institution by the U.S. Office of Education. This number appears on your BEOG Authorization Letter. If you are not sure of your number, contact your Area Representative.

NOTE: YOU MUST ENTER YOUR *CORRECT* EIN AND BEOG ID NUMBERS FOR FUNDS TO BE ADVANCED TO YOUR STUDENTS IN A TIMELY FASHION. TO INSURE ACCURACY, USE THE NUMBERS AS THEY APPEAR ON YOUR BEOG AUTHORIZATION LETTER.

Item 3. Report Type. Progress Reports must be regularly filed for reporting periods endig on October 31, February 28, and June 30. In addition, "Ad Hoc" Requests may be filed once per reporting period when an institution wishes consideration for a revised Authorization Amount. However, filing an "Ad Hoc" Report about the same time as regularly scheduled Reports will often delay the processing of adjusted Authorization Letters. Check the "Ad Hoc" box if this is a report to request an authorization change at a time other than a regularly scheduled report date. If an authorization adjustment is required after June 30 and a June 30 Progress Report has been filed, do not use "Ad Hoc," use "June Revised."

SECTION I: GENERAL INFORMATION

Item 4. Name/Address. Enter the name and full address, including zip code of your institution.

Note: If the name and/or address of your institution differs from that shown on your BEOG Official Authorization Letter, check the box.

Items 5, 6, 7. Responsible Official. *The institutional administrator who is officially responsible for the Progress Report must sign the Report in Block 10.* This must be the individual who is authorized by the institution to submit the Progress Report and who is responsible for the accuracy and completeness of the report. This person's name, title, and phone number must be entered in the appropriate space.

Item 8. Submission Date. Enter the date this report is submitted. Use numbers only (i.e., November 12, 1978 should be entered as 11/12/78).

Item 9A. Amount for Part-time BEOG recipients. Enter the dollar amount for recipients from line 19A who are part time students.

Item 9B. No. of Part-time BEOG recipients. Enter the number of recipients from line 19B who are part time students.

Item 10. SIGNATURE. If the form is not signed it will not be processed.

SECTION II

Item 11. Institution Type. Enter the correct number for the institution type that best describes your school.

Item 12. Control. Enter the correct number for the institution control that best describes your school.

Item 13. U.S. Congressional District. Enter the number of the U.S. Congressional District of the reporting school.

Item 14A. 1978-79 Full-Time Undergraduate Enrollment. Report the total number of undergraduate students who are enrolled on a fulltime basis for the 1978-79 academic year. Do not include full-time equivalents.

Item 14B. Percent of Full-Time Enrollment Living on Campus. Enter the percent of your full-time undergraduate enrollment that will be living on campus for the 1978-79 academic year.

Item 15A. Part-Time Undergraduate Enrollment. Report the total number of undergraduate students who are enrolled for less than a full-time course load (as defined by the institution) for the 1978-79 academic year. If the institution has no part-time students, enter zero.

Item 15B. Percent of Part-Time Enrollment Living on Campus. Enter the percent of your part-time undergraduate enrollment that will be living on campus for the 1978-79 academic year.

Item 16. Accreditation Status. If you have status with a nationally recognized accrediting agency, enter the name of the organization and check the type of status which is currently held (full accreditation, candidate or correspondent).

If you have no such status, but have received a certification letter from the Office of Education confirming the eligibility of your school for this program via the acceptance of credits from your institution "on transfer by not less than three institutions which are so accredited . . ." indicate under the eligibility via "3 letters" response.

Item 17. Length of Academic Year. Give the length in months of the academic year on which the average charges in Item 18 are based.

Item 18. Average Institution Charges. Enter the average institutional charge per full-time undergraduate student for in-state tuition and fees, on-campus room and on-campus board for each of the academic years indicated. If on-campus room and/or on-campus board are not available at your school, enter "N/A" in the appropriate spaces. Also enter "N/A" in Tuition and Fees for 1979-80 if school will not be operating in that academic year.

SECTION III: STATUS OF AUTHORIZATION

This is a cumulative report. It is required that you report both the dollar amounts (rounded to the nearest whole dollar—*do not show cents)* and (where appropriate) the corresponding number of BEOG recipients in each category.

Items 19A, 19B. Gross Expenditures. In Item 19A, enter the total amount of BEOG funds you have *paid out* and/or credited to students' accounts from July 1 of the current academic year to the end date of the period this report covers. For reporting purposes, this amount should not exceed the current OE approved authorization (Item 25A). In Item 19B, enter the total *unduplicated* number of recipients to whom these funds were paid.

Item 20. Dollar Recoveries. In item 20, enter the total amount of funds recovered from BEOG recipients to date of this report. Such recoveries would include funds restored to the Basic Grant account at the institution for (1) student withdrawals or terminations which result in credits to the BEOG account or (2) student refunds to the institution. Only those recoveries as of the end date of the period which this report covers should be entered. For PRIOR YEAR RECOVERIES contact your Area Representative for the proper form.

Item 21A. Net Expenditures. In Item 21A, enter the net expenditures (both direct payments and credits to student accounts) made to BEOG recipients during the current academic year up to and including the current period. This figure is obtained by subtracting Line 20A from Line 19A.

Item 22A. Estimated Demand for Additional Funds (for present recipients for remainder of 1978-79 academic year). This item is to reflect your requirements for funds *in addition to those already expended,* as reported in Item 21A, to meet the need of student recipients currently enrolled at your institution for the remainder of the 1978-79 academic year. To arrive at this estimate, total the amount of BEOG funds obligated to students as the "expected disbursement" in Section 4 of the Student Eligibility Reports you have processed to the date of this report. Subtract from that figure the Gross Expenditures on Line 19A. Adjust this figure by subtracting estimated *additional* recoveries (based on your experience to date) for the remainder of the academic year. Enter the resulting figure on Line 22A.

Items 23A, 23B. Estimated Additional Recipients. Enter the total amount of funds you estimate will be necessary to cover the needs of *new* (not currently enrolled or processed) BEOG recipients, who are likely to be eligible during the remainder of the 1978-79 academic year. In arriving at this figure, keep in mind that these new students may not be eligible for a full BEOG award, since a portion of the academic year has expired.

In Item 23B, enter the number of students involved in arriving at the figure in 23A.

Item 24A. Total Estimated Expenditures. Enter the total amount of funds you estimate will be necessary to fund all BEOG recipients for the entire 1978-79 academic year. This figure is obtained by adding Lines 21A, 22A, and 23A.

Item 24B. Total Estimated Recipients. Enter the total estimated number of BEOG recipients for the entire academic year. This number is obtained by adding items 19B and 23B.

Item 25A. Current OE Approved Authorization. This is the USOE approved BEOG Authorized Amount indicated on your *most recent* USOE Authorization Letter.

Item 26. Estimated Authorization Adjustment. If Item 25A is greater than Item 24A, subtract Item 24A from Item 25A and enter the dollar amount, circling the (—) prefix.

If Item 25A is smaller than Item 24A, Subtract Item 25A from Item 24A and enter the dollar amount, circling the (+) prefix.

This figure should represent the total additional funds you estimate will be necessary to fund your BEOG recipients for the remainder of the academic year. A new Authorization Letter will be produced indicating this change.

Item 27, 28, 29. Student Eligibility Reports Submitted. A Student Eligibility Report (SER), reflecting each of your BEOG recipients' entitlements for an award, must be submitted to document your payment of their awards. *These SERs are to be submitted with regularly scheduled as well as Ad Hoc Progress Reports, and should not be sent separately.* Separately mailed SERs will be returned to the sender.

In Item 27, enter the number of SERs you have submitted prior to this report (if any). In Item 28 enter the number of SERs submitted with this Progress Report to reflect students who have begun participation in the BEOG program since your last Progress Report was submitted. Also included in this item will be new SERs for students who are already participating in the program during the current academic year who have had their awards adjusted on the basis of a revised SER.

In Item 29, enter the total number of SERs you have submitted to the date of this report. This is the sum of Items 27 and 28 and should equal *or* exceed Item 19B.

These SERs should be packaged and mailed with all three copies of the Progress Report.

Item 30. Tape Number. For institutions utilizing the tape exchange program enter the tape number which corresponds to the number of Student Eligibility Reports reported in Item 28 above.

THE BEOG PROGRAM INFORMATION AND MONITORING SYSTEM

The Progress Report you are being asked to complete is an important part of a total system for allocating BEOG funds to participating institutions, monitoring their disbursement to entitled students and providing reporting information for the program. For those institutions that may not be familiar with this system, it is outlined as follows:

1. A file of eligible institutions was established, based on legislatively prescribed eligibility criteria for institutions to participate in the BEOG program. This file is based on documentation from the Accreditation and Institutional Eligibility Staff of OE.

2. Your school's interaction with the BEOG Program Information and Monitoring System (PIMS) began when you received, as an institution eligible to participate in the BEOG program, a mailing from OE which included instructions for calculating student BEOG awards from their Student Eligibility Reports (SER's), a Payment Schedule for making award determination, and a **Letter of Agreement** for establishing your school's participation in the program. When the **Letter of Agreement** was signed and returned to OE, your school became a participating institution.

3. Next, your school was allocated an initial ceiling amount of BEOG funds which could be drawn from the Departmental Federal Assistance Financing Systems (DFAFS) in order that the first BEOG award payments might be made to your entitled students. This initial ceiling amount was communicated in the **Authorization Letter** you recently received and an institutional BEOG account was established for your school with the DFAFS.

4. DFAFS then utilized one of two methods for paying BEOG funds to your school: the Letter of Credit or Cash Request System. The Letter of Credit method allows the school to draw funds, up to the ceiling amount, from the Federal Reserve System through a local commercial or federal reserve bank. This procedure is established through special arrangement with DFAFS. The Cash Request System, which is the procedure normally used, permits the school to draw funds, up to the ceiling amount, on a monthly basis from the Treasury Department, through DFAFS, using a monthly cash request procedure. Schools using this procedure submit a Grantee's Monthly Cash Request form to DFAFS for funds to cover estimated cash expenditures on a monthly basis. DFAFS, upon receipt of this form, will schedule a payment (U.S. Treasury check) to reach the school during the first week of the month for which cash is requested.

   Questions regarding payment to schools only should be directed to:

   DHEW/OS/Federal Assistance Financing Branch
   5600 Fishers Lane
   c/o Rockwall Building, Rm. 833
   Rockville, Maryland 20857

   Whenever you contact FAFB, you should refer to the Award Recipient EIN and document number as shown on your BEOG Authorization Letter.

5. The funding of the Basic Grants Program for your institution may involve multiple funding authority, more than one Appropriation and Common Accounting Number (CAN). The utilization of funds shown in the Progress Report does not require differentiation of the source of funds under separate CANs, however, you are required by the DFAFS to separately identify expenditures where more than one funding authority has been utilized.

6. The year-end reconciliation of expenditures, required under the Grantee Quarterly Report of Expenditures, should coincide with the final report of expenditures shown on the June 30 Basic Grants Progress Report. End-of-year reconciliation and close-out of financial systems, Basic Grants, Office of Education and DFAFS is facilitated by the reporting of compatible information.

7. The enclosed **Progress Report** is the mechanism through which the initial BEOG ceiling amount may be adjusted to reflect the demand for an increase in BEOG funds to pay entitled students who actually enroll at your school (or a possible decrease if fewer entitled students enroll than was anticipated). Therefore, the accurate completion of the Progress Report is essential in insuring that an adequate flow of BEOG funds is accurately directed to each school so that entitled students who enroll in participating schools may be paid their awards in a timely fashion.

   In addition, the **Progress Report** also collects a minimum of institutional identifying data which is necessary for initial ceiling allocation, mailing and report purposes. The **Progress Report** information is retained in the institutional file and is also used to adjust institutional ceilings through the DFAFS.

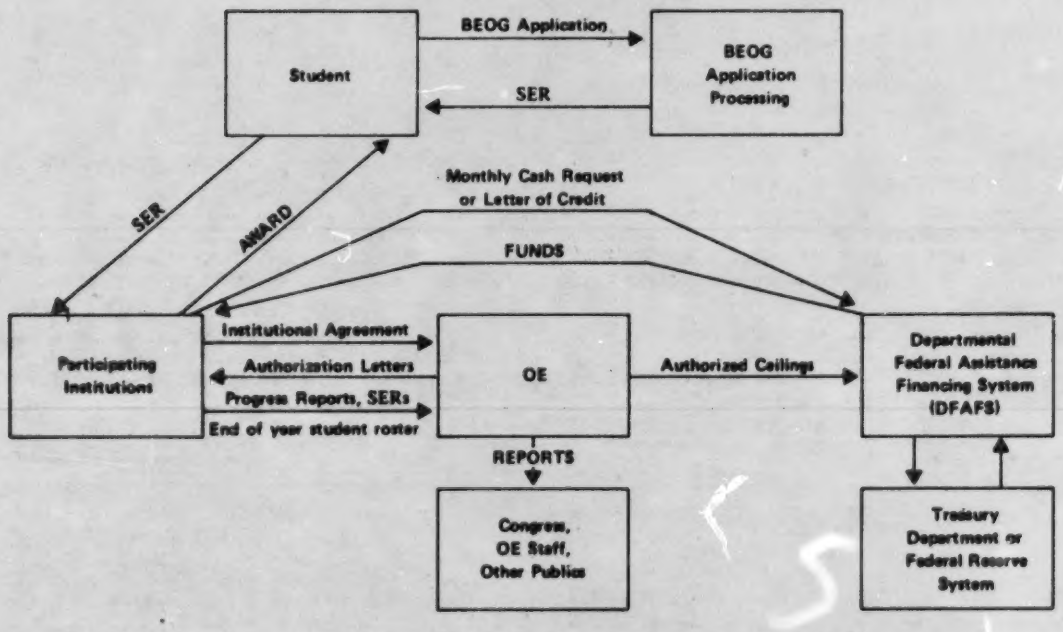
8. SER's reflecting award information for each student to whom an award is paid are forwarded to OE at the same time as the **Progress Report** is filed. These data are used to document your requests for authorization adjustments and to form an informational base from which the continuous eligibility and award status of students may be monitored and from which reports may be generated.

   These individual award records will also be identified by the institution which the student is attending. A **BEOG Student Validation Roster** will be generated at the end of each award year and mailed to each school attended by BEOG award recipients. Schools will verify each student recipient's status and the actual award amount each received and return the roster to OE. This information, when compared with **Progress Report** data and actual BEOG institutional accounting data, will serve to reconcile each school's BEOG accounts at the end of the year. It will also serve to monitor the status of individual student award recipients.

9. Data will be drawn from each of the system components and the SER processing system to provide reports for informational, program evaluation, and planning purposes.

The above components are integrated into a total BEOG Information and Monitoring System which is designed to effectively serve the needs of everyone involved in the BEOG program, including students, institutions, and the federal government. Timely submission of all institutionally based reports (the Progress Report, the Student Validation Roster, etc.) is essential to the efficient operation of the system. This system is graphically illustrated.

BEOG PROGRAM INFORMATION AND MONITORING SYSTEM



CENTRAL ADMINISTRATIVE OFFICE (REPORTING OFFICE) FOR BEOG:
OE VENDOR NO. 888888
SAMPLE SCHOOL EIGHT
888 WASHINGTON BLVD
SAN DIEBLO, CO 80000

REPORT FOR STUDENTS ATTENDING:
OE VENDOR NO. 666666
SAMPLE SCHOOL SIX
ROUTE 66
LAKE TAHOE, CA 96600

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
BUREAU OF STUDENT FINANCIAL ASSISTANCE
OFFICE OF EDUCATION, WASHINGTON, D.C. 20202

BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
STUDENT VALIDATION ROSTER

FORM APPROVED
O.M.B. NO. 51-R-1065

TYPE OF REPORT: END-OF-YEAR REPORT
INITIAL DISTRIBUTION

DATE OF REPORT: DECEMBER 12,

USOE CYCLE 03

STUDENT NAME	SOC. SEC. # OR BEOG ID #	DATE OF BIRTH	TRANS. NO.	USOE USE ONLY: ORIGINAL SER ID (17-30) R C	INFORMATION REPORTED TO USOE ON SERS: STUDENT ELIG INDEX	TOTAL STUDENT COST (37-41)	SCHEDULED BEOG AWARD (47-51)	EXPECTED DISBURSEMENT (52-58)	FOR INSTITUTION VERIFICATION: TOTAL DISBURSEMENT (71-77)	STATUS
STUDENT26,A Z	000-00-0026	12/26/12	06	00000026 AZ 06 1	850	2800.	576.	288.00		
STUDENT27,B A	000-00-0027	01/27/13	03	00000027 BA 03 1	851	2800.	526.	526.00		
STUDENT28,B B	000-00-0028	02/28/14	01	00000028 BB 01 1	900	2800.	526.	263.00		
STUDENT29,B C	000-00-0029	03/29/15	02	00000029 BC 02 1	901	2800.	476.	476.00		
STUDENT30,B D	000-00-0030	04/30/16	03	00000030 BD 03 1	950	2800.	476.	238.00		

888888
SAMPLE SCHOOL EIGHT
888 WASHINGTON BLVD
SAN DIEBLO, CO 80000

777777
SAMPLE SCHOOL SEVEN
77 SUNSET STRIP
SAN SIMEON, CA 99000

END-OF-YEAR REPORT
INITIAL DISTRIBUTION

DECEMBER 12,

02

STUDENT NAME	SOC. SEC. # OR BEOG ID #	DATE OF BIRTH	TRANS. NO.	USOE USE ONLY: ORIGINAL SER ID (17-30) R C	INFORMATION REPORTED TO USOE ON SERS: STUDENT ELIG INDEX	TOTAL STUDENT COST (37-41)	SCHEDULED BEOG AWARD (47-51)	EXPECTED DISBURSEMENT (52-58)	FOR INSTITUTION VERIFICATION: TOTAL DISBURSEMENT (71-77)	STATUS
STUDENT300,B E	000-00-0030	05/30/17	01	00000030 BE 01 1	951	2800.	426.	426.00		
STUDENT31,B F	000-00-0031	06/31/18	02	00000031 BF 02 0	1000	2800.	426.	213.00		
STUDENT32,B G	000-00-0032	07/01/19	01	00000032 BG 01 0	1001	2800.	376.	376.00		
STUDENT33,B H	000-00-0033	08/02/20	06	00000033 BH 06 0	1050	2800.	376.	282.00		
STUDENT34,B I	000-00-0034	09/03/21	05	00000034 BI 05 0	1051	2800.	326.	326.00		

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DECEMBER 12, 3
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SAN DIEBLO, CO 80000

		USOE USE ONLY		INFORMATION REPORTED TO USOE ON SERS				FOR INSTITUTION VERIFICATION	
		ORIGINAL SER ID (17-30)	R C	STUDENT ELIG INDEX	TOTAL STUDENT COST (37-41)	SCHEDULED BEOG AWARD (47-51)	EXPECTED DISBURSEMENT (52-58)	TOTAL DISBURSEMENT (71-77)	STATUS
STUDENT26,A Z	000-00-0026 12/26/12 06	00000026 AZ 06	0	850	2800.	576.	288.00		
STUDENT27,B A	000-00-0027 01/27/13 03	00000027 BA 03	0	851	2800.	526.	526.00		
STUDENT28,B B	000-00-0028 02/28/14 01	00000028 BB 01	0	900	2800.	526.	263.00		
STUDENT29,B C	000-00-0029 03/29/15 02	00000029 BC 02	0	901	2800.	476.	476.00		
STUDENT30,B D	000-00-0030 04/30/16 03	00000030 BD 03	0	850	2800.	476.	238.00		
STUDENT300,B E	000-00-0030 05/30/17 01	00000030 BE 01	0	951	2800.	426.	426.00		
							5631		

END OF SECTION I

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END-OF-YEAR REPORT
INITIAL DISTRIBUTION

DECEMBER 12, 4
02

END OF REPORT ACCOUNTING INFORMATION:

INFORMATION REPORTED ON YOUR LATEST PROGRESS REPORT DATED 06/30/75

TOTAL EXPENDITURES FOR ACADEMIC YEAR 1976-77 (ITEM 21A)	$500.00
NUMBER OF STUDENTS RECEIVING BEOG FUNDS (ITEM 19B)	5
NUMBER OF SERS SUBMITTED TO USOE (ITEM 29)	5

INFORMATION SUMMARIZED FROM SERS ON THIS ROSTER

TOTAL EXPENDITURES FOR ACADEMIC YEAR 1976-77	$5,631.00
NUMBER OF SERS CURRENTLY IN USOE FILES	16
DIFFERENCE BETWEEN PROGRESS REPORT AND SER EXPENDITURES	$5,131.00-
DIFFERENCE BETWEEN PROGRESS REPORT RECIPIENTS AND SER COUNT	11-

HAVE YOU SUBMITTED SERS OR COPIES OF SERS WITH THIS REPORT? YES |__| NO |__|

IF YES, NUMBER OF SERS |_____|, SUM OF TOTAL DISBURSEMENTS FROM THESE SERS* |_____|.
*NOTE: DISBURSEMENT ACTUALLY RECEIVED BY THESE STUDENTS MUST BE ENTERED ON EACH SER.

SIGNATURE AND TITLE OF OFFICIAL COMPLETING THIS REPORT:

SIGNATURE: _____

TITLE: _____

TELEPHONE NUMBER: ___/_____

RETURN THIS REPORT TO: BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
U. S. OFFICE OF EDUCATION
P. O. BOX 2468
WASHINGTON, D. C. 20013

END OF SECTION II

B-18

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END-OF-YEAR REPORT
INITIAL DISTRIBUTION

DECEMBER 12, 5
02

STUDENT VALIDATION ROSTER RECONCILIATION INFORMATION

PLEASE COMPLETE THE FOLLOWING TWO SECTIONS IN ENTIRETY

SECTION IIIA - EXPENDITURES

1. TOTAL EXPECTED DISBURSEMENT FOR STUDENTS ON THIS ROSTER. (IF THERE IS A 3-LINE ENTRY FOR ANY STUDENT, ONLY THE AMOUNT ON THE SECOND LINE IS INCLUDED.) $5,631.00

2. ENTER SUM OF EXPECTED DISBURSEMENT AMOUNT FROM ROSTER FOR ALL STUDENTS WHO DID NOT RECEIVE EXPECTED DISBURSEMENT SHOWN, INCLUDING DUPLICATES BEING DELETED AND STUDENTS OF WHOM YOU HAVE NO RECORD. (USE SECOND LINE OF A 3-LINE ENTRY.) _____

3. SUBTRACT LINE 2 FROM LINE 1 AND ENTER DIFFERENCE. _____

4. ENTER SUM OF THE AMOUNTS ACTUALLY PAID TO STUDENTS INVOLVED IN LINE 2 CALCULATION. _____

5. ENTER SUM OF THE AMOUNTS ACTUALLY PAID TO STUDENTS NOT APPEARING ON THIS ROSTER. (SUBMIT THE SER OR A COPY IF PREVIOUSLY SUBMITTED AND ENTER COUNT IN IIIB-LINE 5). _____

6. ENTER TOTAL OF LINES 3, 4 AND 5. _____

7. TOTAL ACTUAL EXPENDITURES REPORTED ON YOUR LATEST PROGRESS REPORT ACCORDING TO USOE RECORDS (ITEM 21A). $500.00

8. SUBTRACT LINE 7 FROM LINE 6 AND ENTER DIFFERENCE. _____

IF LINE 8 IS UNDER +/- $1.00, NO EXPENDITURE ADJUSTMENTS ARE NECESSARY; OTHERWISE VERIFY CALCULATIONS FOR LINES 2-8. IF FIGURES ARE CORRECT AND REPRESENT YOUR ACTUAL EXPENDITURES DURING THIS ACADEMIC YEAR, COMPLETE THE PROGRESS REPORT IN SECTION IV TO ADJUST OUR RECORDS. LINE 6 HERE MUST BE ENTERED IN NET EXPENDITURES (ITEM 21A) AND TOTAL EXPENDITURES (ITEM 24A) ON YOUR REVISED JUNE 30 PROGRESS REPORT.

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SAMPLE SCHOOL EIGHT
888 WASHINGTON BLVD
SAN DIEGLO, CO 80000

END-OF-YEAR REPORT
INITIAL DISTRIBUTION

DECEMBER 12, [illegible] 6
02

STUDENT VALIDATION ROSTER RECONCILIATION INFORMATION

SECTION IIIB - RECIPIENTS

1. TOTAL NUMBER OF ENTRIES ON THIS ROSTER. 16

2A. ENTER NUMBER OF STUDENTS OF WHOM YOU HAVE NO RECORD (DESIGNATED AS NR IN SECTION I). THIS MEANS THE STUDENT DID NOT ATTEND YOUR INSTITUTION, I.E. YOU DID NOT SUBMIT A SER FOR THE STUDENT. _____

2B. ENTER NUMBER OF DUPLICATE ENTRIES YOU HAVE DESIGNATED AS DELETIONS FROM THIS ROSTER. DO NOT DELETE STUDENTS WHO APPEAR ONLY ONCE IF YOU SUBMITTED THE SER EVEN IF YOU DISBURSED NO FUNDS TO THIS STUDENT. DESIGNATE SUCH STUDENTS WITH A TOTAL DISBURSEMENT OF ZERO IN SECTION I AND INCLUDE IN YOUR PROGRESS REPORT RECIPIENT COUNT(S). _____

3. ENTER TOTAL OF LINES 2A AND 2B. _____

4. SUBTRACT LINE 3 FROM LINE 1 AND ENTER DIFFERENCE. _____

5. ENTER NUMBER OF SERS SUBMITTED HEREWITH FOR STUDENTS NOT APPEARING ON THIS ROSTER. _____

6. ENTER TOTAL OF LINES 4 AND 5. _____

7. ENTER NUMBER OF EXTRA (NON-DUPLICATE) SERS SUBMITTED FOR STUDENTS APPEARING ON THIS ROSTER MORE THAN ONE TIME. _____

8. SUBTRACT LINE 7 FROM LINE 6 AND ENTER DIFFERENCE. _____

9. TOTAL ACTUAL RECIPIENTS REPORTED ON YOUR LATEST PROGRESS REPORT ACCORDING TO USOE RECORDS(ITEM 19B). 5

10. SUBTRACT LINE 9 FROM LINE 8 AND ENTER DIFFERENCE. _____

IF LINE 10 IS ZERO, NO RECIPIENT ADJUSTMENTS ARE NECESSARY; OTHERWISE VERIFY CALCULATIONS FOR LINES 2-10. IF FIGURES ARE CORRECT AND REPRESENT YOUR ACTUAL BEOG RECIPIENT COUNT DURING THIS ACADEMIC YEAR, PROCEED AS FOLLOWS:

A) IF LINE 10 IS LESS THAN ZERO, ADDITIONAL SERS MUST BE SUBMITTED TO SUBSTANTIATE DISBURSEMENTS TO ALL REPORTED RECIPIENTS. IF THE SERS PREVIOUSLY SUBMITTED AND THOSE BEING SUBMITTED WITH THIS ROSTER ACCOUNT FOR ALL BEOG RECIPIENTS AT YOUR INSTITUTION, YOUR PROGRESS REPORT RECIPIENT COUNT(S) MUST BE ADJUSTED AS DESCRIBED BELOW.

B) IF LINE 10 IS GREATER THAN ZERO, COMPLETE THE PROGRESS REPORT IN SECTION IV TO ADJUST OUR RECORDS. LINE 8 HERE MUST BE ENTERED IN GROSS RECIPIENTS (ITEM 19B) AND TOTAL RECIPIENTS (ITEM 24B). LINE 6 HERE MUST BE ENTERED IN TOTAL SERS SUBMITTED (ITEM 29) ON YOUR REVISED JUNE 30 PROGRESS REPORT.

END OF SECTION III

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SAMPLE SCHOOL EIGHT
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END-OF-YEAR REPORT
INITIAL DISTRIBUTION

DECEMBER 12, 7
02

INSTITUTIONAL PROGRESS REPORT ACADEMIC YEAR ONLY

SECTION IV : STATUS OF AUTHORIZATION (SEE INSTRUCTIONS)

1. INST. RECG ID NO. (1-6) 888888
2. EIN NUMBER (19-20) 188888888888
3. REPORT FOR (27): 3 |__| JUNE 30 4 |__| AD HOC
8. DATE OF SUBMISSION (29-34) __/__/__

ENTER DOLLARS ONLY.
DO NOT SHOW CENTS

		AMOUNT (A)	NO. OF RECIPIENTS (B)
19. GROSS EXPENDITURES (ACTUAL PAYMENTS TO STUDENTS TO DATE)	19.	$ 3(7)(9-16)	(17-24)
20. LESS RECOVERIES (TO DATE)	20.	$ (25-32)	(33-40)
21. NET EXPENDITURES	19A-20A=21.	$ (41-48)	
ESTIMATED DEMAND FOR ADDITIONAL FUNDS			
22. AMOUNT FOR PRESENT RECIPIENTS	22.	$ (57-64)	
23. AMOUNT FOR ADDITIONAL RECIPIENTS EXPECTED TO QUALIFY	23.	$ (65-72)	(73-80)
24. TOTAL EXPENDITURES (FOR ENTIRE ACADEMIC YEAR: 7/1/76 - 6/30/77)	21A+24A, 19A+20A.	$ 8(7)(9-16)	(1-8)
25. CURRENT OE APPROVED AUTHORIZATION PER USOE RECORDS AS OF:	25.	$ 8,000 (25-32)	
26. INSTITUTION'S AUTHORIZATION ADJUSTMENT (CIRCLE + OR -)	24A-25A=26.	$+ / $- (33-40)	

27. NUMBER OF STUDENT ELIGIBILITY REPORTS PREVIOUSLY SUBMITTED	27.	(41-48)
28. NUMBER OF STUDENT ELIGIBILITY REPORTS SUBMITTED WITH THIS REPORT	28.	(49-56)
29. TOTAL NUMBER OF STUDENT REPORTS SUBMITTED	27+28=29.	(57-64)

30. OFFICIAL COMPLETING THIS REPORT

SIGNATURE : _____

TITLE : _____

TELEPHONE NO : ___/_____

USOE USE ONLY (65-72)

20 USC 1070A,45 CFR 190,81) OE FORM 255-3,11/76 PREVIOUS EDITION IS OBSOLETE

END OF ROSTER - TOTAL PAGES 7

Instructions for Completing The Student Validation Roster

Section I Instructions

In Section I please comply with the following instructions. One or three lines have been printed for each BEOG award recipient. For purposes of identification, the student's name, social security number (or BEOG identification number, if social security number was not available), date of birth, and transaction number as indicated on the Student Eligibility Report (SER) have been provided. The roster is prepared in alphabetical student name order for your convenience. Prior to completing Section I, review the Roster Reconciliation Worksheet (Section III) so that all required totals can be accumulated in conjunction with entering the Section I data. A sample worksheet to accumulate these figures is shown at the end of the instructions for Section I.

Single Line Entry

The purpose of a single line entry on the Validation Roster is to obtain the total disbursement of the BEOG funds to each student. To accomplish this, we have provided space on the right side of each line for entry on *one* of the three types of validation information. The validation is accomplished as follows:

1) Determine whether the student was enrolled at your institution (i.e., a SER was submitted to USOE by your institution for this student). If you have No Record of the student at your institution, enter "NR" under "Status". On your Preliminary Reconciliation Worksheet enter the "Expected Disbursement" shown on the roster in (A). No further action is required.
2) If you submitted a SER to USOE for the student, compare the "Expected Disbursement" printed on the roster to the amount of BEOG funds disbursed per your records.
   a) If the two amounts are equal, enter a check mark in the small box under the heading "Total Disbursement".
   b) If the two amounts are not equal, enter the actual amount of BEOG funds disbursed in the larger box under the "Total Disbursement". On your Preliminary Reconciliation Worksheet enter the Expected Disbursement shown on the roster in (C) and the correct Total Disbursement in (D).
   c) If the student withdrew prior to payment of any BEOG funds or refunded *all* BEOG funds received, enter zero in the larger box under the heading "Total Disbursement". On your Preliminary Reconciliation Worksheet enter the "Expected Disbursement" shown on the roster in (C).
3) Determine if deletions are required for any individual students who *appear more than once on the roster*.
   a) If the social security number, name, transaction number, Scheduled BEOG Award and institution attended are identical, enter "Delete" beside the entry(ies) you wish to have removed from your roster. On your Preliminary Reconciliation Worksheet, enter the "Expected Disbursement" shown on the roster in (B). Do *not* use the "Delete" designation for students for whom you have No Record since these students require special processing by USOE and must not be deleted.
   b) If funds were paid to the student under more than one SER transaction number or Eligibility Index, validate each entry on the roster according to the instructions in (2) above. The sum of the Total Disbursement amounts for all entries for one student should not exceed the *highest* Expected Disbursement. Include the number of such extra multiple entries (i.e. entries over one) in the *non-duplicate* extra record count (F) on the Preliminary Reconciliation Worksheet.

Please exercise one of the options described above to confirm the validation status of each student listed on the roster.

For each award recipient, we have also provided some of the key data fields from the SER. If, in the process of reviewing the roster, you should discover an error in one or more of these fields, please make corrections by crossing out the erroneous data and entering the correct information above it. This is particularly important for students with incorrect Social Security numbers or Date of Birth, or whose Scheduled BEOG Award or Expected Disbursement was recalculated

after submission of the SER due to a change in the factors affecting these fields. This will assist us in maintaining and reporting accurate information regarding BEOG award recipients. The data under the "USOE USE ONLY" heading corresponds to the student identifier from the bottom of the SER.

Three Line Entry

A three line entry on the Validation Roster for an individual student designates those BEOG award recipients for whom discrepancies were detected in the data supplied on the Student Eligibility Report (SER). Because of these inconsistencies, we have made certain assumptions about the data elements found to be in error. These assumptions have been made in an effort to facilitate the correction process.

We realize that some of the assumptions may be due to USOE processing errors as well as errors made in the reporting of data on the SERs.

In addition, the assumptions may lead to further erroneous conditions. For this reason, we would appreciate a careful review of each assumption made and submission of corrections when necessary.

The first line provides student identification and award data collected from the SER. The second line contains the SER award data as it appeared after application of the computer assumptions. The third line is provided for entry of any corrections you wish to make to the information shown on the second line. If no correction is entered for a particular data field, we will assume that the field immediately above is accurate.

The final function to be performed for three line entries is to indicate the total disbursement of BEOG funds to each student. Please follow the validation instructions provided above for the single line entry.

When completing the Total Disbursement field, use the Expected Disbursement shown on *the second line* to determine the appropriate entry. Please be certain to take one of the actions described for each student listed on the report.

We should emphasize the importance of a careful review of each of the assumptions made on the data reported to USOE on the Student Eligibility Report. Your assistance in determining the accuracy of this information will be most appreciated.

Preliminary Reconciliation Worksheet

(A)	(B)	(C)
Expected Disbursement Shown on Roster for NR Students	Expected Disbursement Shown on Roster for Duplicates Being Deleted	Expected Disbursement Shown on Roster for Students Receiving Amt. Other Than ED Shown
Total $ = No. of NRs =	Total $ = No. of Deletes =	Total $ =

(D)	(E)	(F)
Total Disbursement for Students Receiving Amt. Other Than ED Shown on Roster	Total Disbursement for Students Not Appearing On Roster	Count of Extra (Non-Duplicate) SERs On Roster
Total $ =	Total $ = No. of Adds =	

Section II Instructions

Check the appropriate box if you do/do not have any additional SERs to submit with the Validation Roster. Submission of SERs with the Validation Roster is restricted to cases where the SER was properly submitted with a Progress Report but does not appear on the roster or was inadvertently omitted. You may *not* submit SERs for students who did not meet the eligibility and enrollment deadlines established by Basic Grant regulations. If you do submit additional SERs, enter the number you are submitting and the sum of the Total Disbursement from these SERs in the space provided and in (E) on your Preliminary Reconciliation Worksheet. Also enter the disbursement actually received by these students *on each SER submitted*. After completing Section III, and IV if needed, according to the instructions below, sign the Validation Roster, enter your title and telephone number and mail to USOE. Special Note: If the Validation Roster is received at USOE without a signature, it will be returned to the institution.

Section III Instructions

The Roster Reconciliation Worksheet has been designed to assist you in reconciling disbursement to individual students, as reported in Section I, with the summary expenditure and recipient count data reported on your latest Progress Report.

As Section I is completed, the figures indicated on the Preliminary Reconciliation Worksheet (page 3) should be accumulated. These totals should then be posted to Section III as follows:

1. Add dollar total for (A), (B), (C) and enter sum in IIIA-Line 2.
2. Enter (D) in IIIA-Line 4.
3. Enter dollar total for (E) in IIIA-Line 5.
4. Enter student count in (A) in IIIB-Line 2A.
5. Enter student count in (B) in IIIB-Line 2B.
6. Enter student count in (E) in IIIB-Line 5.
7. Enter (F) in IIIB-Line 7.

Important: If (D) includes disbursements to any student in excess of the highest Scheduled BEOG Award

as shown or as corrected on the roster, attach a letter explaining how the overaward(s) occurred and any steps being taken to recover the excess awards.

After posting the figures above, follow the instructions on the Roster Reconciliation Worksheet. To facilitate completion of this Section, the calculations for the total Expected Disbursement and the number of students shown on the roster are computer-printed for your convenience.

The results of Section III will determine if you need to file a revised June 30 Progress Report to reconcile your account. Should you need assistance in completing the Preliminary Reconciliation Worksheet or Section III, contact your Area Representative. Your cooperation in this important part of the fiscal control requirements of the Basic Grant Program will expedite completion of the processing cycle for this academic year at your institution and permit prompt preparation of your final roster and Authorization letter.

Section IV Instructions

In the event that revised June 30 Progress Report is needed in order to reconcile your account, Section IV provides a Progress Report facsimile to allow you to make any changes that were not made when filing your original June 30 Progress Report. Please use the same instructions that were used when completing your 1976-77 Progress Reports except as noted here. Note: If you have *not* filed a June 30 Progress Report, you should use Section IV to do so at this time.

Progress Report Facsimile

Line 19: *Gross Expenditures*
Report the total amount disbursed to BEOG recipients in (A); report the total number of recipients receiving BEOG funds in (B). The recipient count must be the same as Section IIIB-Line 8, i.e., the number of *unduplicated* students on the roster.

Line 20: *Less Recoveries*
Report the total amount of BEOG funds recovered from recipients in (A); report the number of recipients returning BEOG funds in (B). Any student from whom a total recovery (i.e., a zero disbursement in Section I) has been received should be included in this count and in 19B.

Line 21A: *Net Expenditures*
Report the total amount expended for BEOG awards (line 19A minus line 20A). This amount must be the same as the amount in Section IIIA-Line 6 as accumulated from the individual student entries. Show whole dollars only; do not report cents.

Lines 22 and 23: *Estimated Demand for Additional Funds*
All items (22A, 23A and 23B) must be reported as zero. No entry required.

Line 24: *Total Estimated Expenditures*
Report the same amount as Line 21A for 24A; report the same recipient count as Line 19B for 24B.

Line 25: *Current OE Approved Authorization*
Report the USOE Approved BEOG Authorization amount indicated on your most recent USOE Authorization Letter for academic year 1976-77.

Line 26: *Institution's Estimated Authorization Adjustment*
Report the difference between Lines 24 and 25 circling the plus for increase or the minus for decrease.

Lines 27, 28, 29: *SERs Submitted*
Report as indicated. The number reported on Line 29 must be the same as the SER count in Section IIIB-Line 6.

Line 30:
Sign as indicated.

This is an explanation of how the figures which appear in the 1978-79 Payment and Disbursement Schedules were computed. We have written this in response to questions from people within the Bureau as well as in the field regarding the methods by which the Payment Schedule amounts were computed. Please note that this is for your information only, and working with the Payment Schedule does not require complete knowledge of these procedures.

As you may know, maximum awards for the Basic Grant Program will increase from $1,400 to $1,600 for the 1978-79 award period. However, due to the nature of the budget appropriation for 1978-79 and the language of the authorizing legislation for the Program, the amounts which appear in the Payment Schedule were calculated in a somewhat different manner than in the 1977-78 award period. The purpose of this memo is to explain the steps involved in the calculation of those figures.

Full-funding

Under the law, full funding Basic Grant entitlements are prescribed to be the lesser of:

1) $1,800 minus Expected Family Contributions (EFC);
2) Half of Cost;
3) Cost minus EFC; and,
4) They may not be less than $200.

Less than Full-funding

Scheduled reduction. If appropriated funds are at a level such that full entitlements cannot be met, the law provides a schedule of reductions. Under this schedule, awards of the neediest students are reduced the least. The maximum award at scheduled reduction with an $1,800 ceiling is $1,350.

Above scheduled reduction. Appropriated funds may be at a level that enables awards to be *higher* than those at scheduled reduction but less than the maximum award, i.e., $1,351 to $1,799. In this case the legislation states that an entitlement which is reduced under scheduled reduction provisions, should be increased "in proportion to the degree to which that entitlement is unsatisfied."

Below scheduled reduction. If the funding level is *lower* than that required for scheduled reduction, then all awards are reduced by a constant factor from those calculated at scheduled reduction. This award level is called "pro-rata reduction."

For the 1978-79 award period, the Basic Grant Program is funded at an award level where the maximum is higher than at scheduled reduction, but less than full funding, i.e., $1,600. The requirement that a given scheduled reduction award be increased "in proportion to the degree to which that entitlement is unsatisfied" results in the following calculation steps:

1. Calculate the full-funding entitlement.
2. The full-funding award may not be less than $200. Thus, the following conditions must be met:

   (a) entitlement of step No. 1 is not less than $200;

   (b) need (COST - EFC) is not less than $200;

   (c) half of cost is not less than $200;

   (d) a full-funding part-time award, i.e., the least of steps (a) through (c) above multiplied by .50 or .75, is not less than $200.

   If any of these conditions are not met, the award is zero. This step prevents students from receiving awards at reduced funding who would not be eligible at full-funding.
3. Reduce entitlement by multiplying the result of step No. 1 times the appropriate factor shown in the following schedule of reductions:

FF Entitlement	*Reduction Factor*
$1,000 or more	.75
$801 - $1,000	.70
$601 - $800	.65
$600 or less	.50

4. Calculate the "unsatisfied entitlement" as step No. 1 minus step No. 3.
5. Multiply unsatisfied entitlement by .556.
6. Add the results of step No. 5 to the scheduled

reduction entitlement determined in step No. 3.

7. Compare the results of step No. 6 to half of the student's cost of attendance and the student's "need" (need equals cost minus EFC). The student's Scheduled Award is the lesser of the three.
8. If appropriate, a part-time reduction is applied.
9. If the award of step No. 7 or step No. 8 is less than $50, the student's award (Expected Disbursement) is zero.

The following are case examples that follow this step-by-step procedure through the award calculation.

It should be noted that the result of the example calculation may differ slightly from the amounts that appear on the 1978-79 Payment and Disbursement Schedules. This is because the awards in the Schedules are calculated on the basis of a series of eligibility index and cost of education ranges, using the midpoints of each range. As a result, the worksheet award may vary above or below the Payment/Disbursement Schedule award to a small degree, depending on the specific eligibility index and cost of education used.

1978–79 Payment/Disbursement Schedules Worksheet

Eligibility Index (EFC) = _____.
Cost of Education = _____.
Enrollment Status = _____.

1. Full-Funding (FF) Award:
   - The lesser of:
     FF Entitlement ($1,800 minus EFC) = _____ − _____ = _____
     Half of Cost = _____ ÷ 2 = _____
     Need (Cost minus EFC) = _____ − _____ = _____
   - Reduce for part time, if appropriate = _____ × _____ = _____
   - If any of the above is less than $200, Award at FF or Reduced-Funding equals zero. _____

2. Reduced Entitlement:
   FF Entitlement multiplied by appropriate percentage = _____ × _____ = _____

3. Unsatisfied Entitlement:
   FF Entitlement minus Reduced Entitlement = _____ − _____ = _____

4. Unsatisfied Entitlement multiplied by adjustment factor = _____ × .556 = _____

5. Above-Reduced Entitlement:
   Reduced Entitlement plus result of Step #4 = _____ + _____ = _____

6. Full-Time Reduced Award equals the lesser of:
   - Above-Reduced Entitlement (Step #5) = _____
   - Half of Cost = _____
   - Need = _____

   _____

   (the result of Step #6 would appear in the full-time Payment Schedule)*

7. Reduce Full-Time Award for part time, if appropriate: _____ × _____ = _____
   (the result of Step #7 would appear in the part-time Disbursement Schedules)*

8. If result of Step #6 or Step #7 is less than $50, then student's Expected Disbursement equals zero:

   Expected Disbursement = _____

Reduction Percentages

If entitlement is:
a) $1,000 or more 75%
b) $801 to $1,000 70%
c) $601 to $800 65%
d) $600 or less 50%

*Amounts may be slightly different from the Payment and Disbursement Schedules because of the use of cost and eligibility index ranges in the Schedules.

Example 1

1978–79 Payment/Disbursement Schedules
Worksheet

Eligibility Index (EFC) = 0
Cost of Education = $4000
Enrollment Status = FULL-TIME

1. Full-Funding (FF) Award:
   - The lesser of:
     FF Entitlement ($1,800 minus EFC) = 1,800 − 0 = 1,800
     Half of Cost = 4,000 ÷ 2 = 2,000
     Need (Cost minus EFC) = 4,000 − 0 = 4,000
   - Reduce for part time, if appropriate = 1,800 × 1.0 = 1,800
   - If any of the above is less than $200, Award at FF or Reduced-Funding equals zero.

   $1,800

2. Reduced Entitlement:
   FF Entitlement multiplied by appropriate percentage = 1,800 × .75 = 1,350

3. Unsatisfied Entitlement:
   FF Entitlement minus Reduced Entitlement = 1,800 − 1,350 = 450

4. Unsatisfied Entitlement multiplied by adjustment factor = 450 × .556 = 250

5. Above-Reduced Entitlement:
   Reduced Entitlement plus result of Step #4 = 1,350 + 250 = 1,600

6. Full-Time Reduced Award equals the lesser of:
   - Above-Reduced Entitlement (Step #5) = 1,600
   - Half of Cost = 2,000
   - Need = 4,000

   1,600

   (the result of Step #6 would appear in the full-time Payment Schedule)*

7. Reduce Full-Time Award for part time, if appropriate:
   (the result of Step #7 would appear in the part-time Disbursement Schedules)* 1,600 × 1.0 = 1,600

8. If result of Step #6 or Step #7 is less than $50, then student's Expected Disbursement equals zero:

   Expected Disbursement = $1,600

Reduction Percentages

If entitlement is:
a) $1,000 or more 75%
b) $801 to $1,000 70%
c) $601 to $800 65%
d) $600 or less 50%

*Amounts may be slightly different from the Payment and Disbursement Schedules because of the use of cost and eligibility index ranges in the Schedules.

Example 2

1978–79 Payment/Disbursement Schedules
Worksheet

Eligibility Index (EFC) = 1,500
Cost of Education = $3,200
Enrollment Status = 3/4-TIME

1. Full-Funding (FF) Award:
   - The lesser of:
     FF Entitlement ($1,800 minus EFC) = 1,800 − 1,500 = 300
     Half of Cost = 3,200 ÷ 2 = 1,600
     Need (Cost minus EFC) = 3,200 − 1,500 = 1,700
   - Reduce for part time, if appropriate = 300 × .75 = 225
   - If any of the above is less than $200, Award at FF or Reduced-Funding equals zero.

   $225

2. Reduced Entitlement:
   FF Entitlement multiplied by appropriate percentage = 300 × .50 = 150

3. Unsatisfied Entitlement:
   FF Entitlement minus Reduced Entitlement = 300 − 150 = 150

4. Unsatisfied Entitlement multiplied by adjustment factor = 150 × .556 = 83

5. Above-Reduced Entitlement:
   Reduced Entitlement plus result of Step #4 = 150 + 83 = 233

6. Full-Time Reduced Award equals the lesser of:
   - Above-Reduced Entitlement (Step #5) = 233
   - Half of Cost = 1,600
   - Need = 1,700

   233

   (the result of Step #6 would appear in the full-time Payment Schedule)*

7. Reduce Full-Time Award for part time, if appropriate:
   (the result of Step #7 would appear in the part-time Disbursement Schedules)* 233 × .75 = 175

8. If result of Step #6 or Step #7 is less than $50, then student's Expected Disbursement equals zero:

   Expected Disbursement = $175

Reduction Percentages

If entitlement is:
a) $1,000 or more 75%
b) $801 to $1,000 70%
c) $601 to $800 65%
d) $600 or less 50%

*Amounts may be slightly different from the Payment and Disbursement Schedules because of the use of cost and eligibility index ranges in the Schedules.

Example 3

1978–79 Payment/Disbursement Schedules Worksheet

Eligibility Index (EFC) = 100
Cost of Education = $ 1,800
Enrollment Status = FULL-TIME

1. Full-Funding (FF) Award:
   - The lesser of:
     FF Entitlement ($1,800 minus EFC) = 1,800 − 100 = 1,700
     Half of Cost = 1,800 ÷ 2 = 900
     Need (Cost minus EFC) = 1,800 − 100 = 1,700
   - Reduce for part time, if appropriate = 900 × 1.0 = 900
   - If any of the above is less than $200, Award at FF or Reduced-Funding equals zero.

   $ 900

2. Reduced Entitlement:
   FF Entitlement multiplied by appropriate percentage = 1,700 × .75 = 1,275

3. Unsatisfied Entitlement:
   FF Entitlement minus Reduced Entitlement = 1,700 − 1,275 = 425

4. Unsatisfied Entitlement multiplied by adjustment factor = 425 × .556 = 236

5. Above-Reduced Entitlement:
   Reduced Entitlement plus result of Step #4 = 1,275 + 236 = 1,511

6. Full-Time Reduced Award equals the lesser of:
   - Above-Reduced Entitlement (Step #5) = 1,511
   - Half of Cost = 900
   - Need = 1,700

   900

   (the result of Step #6 would appear in the full-time Payment Schedule)*

7. Reduce Full-Time Award for part time, if appropriate:
   (the result of Step #7 would appear in the part-time Disbursement Schedules)* 900 × 1.0 = 900

8. If result of Step #6 or Step #7 is less than $50, then student's Expected Disbursement equals zero:

   Expected Disbursement = $ 900

Reduction Percentages

If entitlement is:
a) $1,000 or more 75%
b) $801 to $1,000 70%
c) $601 to $800 65%
d) $600 or less 50%

*Amounts may be slightly different from the Payment and Disbursement Schedules because of the use of cost and eligibility index ranges in the Schedules.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION

REGIONAL ADMINISTRATORS, STUDENT FINANCIAL ASSISTANCE
REGIONS I–X

APRIL 1978

REGION I Connecticut Maine Massachusetts New Hampshire Rhode Island Vermont	Mr. William T. Logan, Jr. Regional Administrator Student Financial Assistance Office of Education, DHEW John F. Kennedy Federal Building Boston, Massachusetts 02203	TEL: 617–223–7205 FTS: 8–223–7205
REGION II New Jersey New York Puerto Rico Virgin Islands Panama Canal Zone	Mr. Josue Diaz Regional Administrator Student Financial Assistance Office of Education, DHEW 26 Federal Plaza New York, New York 10007	TEL: 212–264–4045 FTS: 8–264–4045–3952
REGION III Delaware District of Columbia Maryland Pennsylvania Virginia West Virginia	Mr. Robert Smallwood Regional Administrator Student Financial Assistance Office of Education, DHEW Post Office Box 13716 3535 Market Street Philadelphia, Pennsylvania 19101	TEL: 215–596–1018 FTS: 8–596–1018
REGION IV Alabama Florida Georgia Kentucky Mississippi North Carolina South Carolina Tennessee	Dr. Carmen L. Battaglia Regional Administrator Student Financial Assistance Office of Education, DHEW 101 Marietta Tower—Third Floor Atlanta, Georgia 30323	TEL: 404–221–5008, 5009 FTS: 8–242–5008, 5009
REGION V Illinois Indiana Michigan Minnesota Ohio Wisconsin	Mr. Francis J. Yanni Regional Administrator Student Financial Assistance Office of Education, DHEW 300 South Wacker Drive Chicago, Illinois 60606	TEL: 312–353–5127 FTS: 8–353–5127
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REGION VII Iowa Kansas Missouri Nebraska	Mr. J. William Keifer, Jr. Regional Administrator Student Financial Assistance Office of Education, DHEW 601 East 12th Street Kansas City, Missouri 64106	TEL: 816–374–5875 FTS: 8–758–5875
REGION VIII Colorado Montana North Dakota South Dakota Utah Wyoming	Mr. Irwin E. Kirk Regional Administrator (acting) Student Financial Assistance Office of Education, DHEW 11037 Federal Office Building 19th and Stout Street Denver, Colorado 80294	TEL: 303–837–4128 FTS: 8–327–4128
REGION IX Arizona California Hawaii Nevada American Samoa Guam Trust Territory of the Pacific Islands Wake Island	Mr. Charles F. Hampton Regional Administrator Student Financial Assistance Office of Education, DHEW 50 United Nations Plaza San Francisco, California 94102	TEL: 415–556–8382 FTS: 8–556–8382
REGION X Alaska Idaho Oregon Washington	Mr. W. Phillips Rockefeller Regional Administrator Student Financial Assistance Office of Education, DHEW Arcade Building—M.S. 1506 1321 Second Avenue Seattle, Washington 98101	TEL: 206–442–0434 FTS: 8–399–0434

Appendix E

Directory Of State Student Assistance Agency Officials Responsible For Administering State Student Incentive Grant (SSIG) Funds

Officials are designated as follows: Senior Agency Official (a), SSIG Program Official(s) (P), and Fiscal Officer (F). Central OE Officials are listed at the end of this Directory.

ALABAMA	*ADDRESSES*	
Dr. John F. Porter, Jr. (A) (F) Executive Director Tom A. Roberson, Coordinator Alabama Student Assistance Program	Alabama Commission on Higher Education; One Court Square, Suite 221 Montgomery, Alabama 36104 Tel: (205) 832-6555	
*ALASKA**		
Dr. Kerry D. Romesburg (A) Executive Director Ms. Mary Ann Isturis (P) Student Financial Aid Officer Bill Gillespie (F) Financial Officer	Alaska Commission on Postsecondary Education; Pouch F, State Office Building Juneau, Alaska 999811 Tel: (907) 465-2855	
ARIZONA		
(Vacant) (A) (T) Executive Director Dr. Richard Erbschloe (P) Assistant Director for Programs and Administration	Arizona Commission for Postsecondary Education; 1650 W. Alameda Drive, Room 115 Tempe, Arizona 85282 Tel: (602) 271-3109	
ARKANSAS		
Dr. M. Olin Cook (A) Director Dr. Tom Spencer (P) Associate Director of Community Colleges Robert McCormack (F) Associate Director for Finance	Department of Higher Eudcation; 1301 West Seventh Street Little Rock, Arkansas 72201 Tel: (501) 371-1441, Ext. 23	
CALIFORNIA		
Arthur S. Marmaduke (A) Director Ms. Dortha L. Morrison (P) Deputy Director Fred Brill (F) Administrative Service Officer	California Student Aid Commission; 1410 - 5th Street Sacramento, California 95814 Tel: (916) 445-0880	
COLORADO		
Dr. Lee Kerschner (A) Executive Director Ms. Lindsay Baldner (P) Director of Student Services	Colorado Commission on Higher Education; 1550 Lincoln Street, Room 210 Denver, Colorado 80203 Tel: (303) 892-2723	
Jack Armstrong (F) Director, Business Services		
CONNECTICUT		
Dr. Samuel Gould (A) Chancellor of Higher Education Pro Team Romeo Bernier (P) Associate Director for Student Financial Assistance Dr. Robert Bokelman (F) Fiscal Officer		Board of Higher Education; 340 Capitol Avenue, P.O. Box 1320 Hartford, Connecticut 06101 Tel: (203) 566-3910
DELAWARE		
Kenneth C. Madden (A) State Superintendent Harry M. Peyser (P) Executive Secretary Higher Education Scholarship Council John Ryan (F) Assistant Superintendent Administrative Services Branch		Department of Public Instruction John G. Townsend Building Dover, Delaware 19901 Tel:(303) 678-4620
DISTRICT OF COLUMBIA		
Albert P. Russo (A) Director (1) Ms. Jacqueline Johnson (P) Assistant Director for State Agency Affairs (2) Shepard Cohen, Controller (F) Office of the Controller		Department of Human Resources Government of the District of Columbia; 1305 E. Street, N.W., Room 420 Washington, D.C. 20004 Tel: (202) 629-5443 (1) Department of Human Resources Government of the District of Columbia; 1329 E Street, N.W., Suite 1023 Washington, D.C. 20004 (2) Department of Human Resources Government of the District of Columbia; 801 North Capitol Street, N.W., Room 513 Washington, D.C. 20002 Tel: (202) 629-3216
FLORIDA		
Ralph D. Turlington (a) Commissioner Donald Smading (p) Program Director Ted J. Meredith (F) Department of Comptroller Student Financial Aid		Department of Education State of Florida; 563 Knott Building Tallahassee, Florida 32304 Tel: (904) 487-1800

GEORGIA		
Dr. Donald E. Payton (A) (T) Executive Director Tel: (404) 393-7108	Georgia Higher Education Assistance Authority; 9 LaVista Perimeter Park, Suite 110 Tucker, Georgia 30084	
Robert B. McCants, Director (P) Division of Student Services Tel: (404) 393-7253		
Ralph D. Roberts (F) Director of Fiscal Affairs Tel: (404) 393-7241		
*HAWAII**		
Dr. Fujio Matsuda (A) President	State Postsecondary Education Commission University of Hawaii, 210 Bachman Hall; 2444 Dole Street Honolulu, Hawaii 96822 Tel: (808) 948-7487	
Nils Ueki (P) Administrative Officer		
Kenji Sumida (F) Director of Finance		
IDAHO		
Milton Small (A) Executive Director	Office of State Board of Education Len B. Jordan Office Building, Room 307; 650 West State Street Boise, Idaho 83720 Tel: (208) 384-2270	
Ms. Delia M. McManus (P) Scholarship Office		
Stephen Keto (F) Fiscal Officer		
ILLINOIS		
Dr. Joseph D. Boyd (A) Executive Director	Illinois State Scholarship Commission; 102 Wilmot Road Deerfield, Illinois 60015 Tel: (321) 945-7040 945-1500, Ext. 201	
James A. Eanes (P) Director of State Student Grant Program		
Ralph Godzicki (F) Assistant Executive Director Fiscal Affairs and Administration	Illinois State Scholarship Commission; 203 North Wabash Avenue, Room 2118 Chicago, Illinois 60601 Tel: (312) 793-3745	
William L. Hilton Director Information Services		
INDIANA		
James E. Sunday (a) (P) Acting Executive Secretary	Indiana State Student Assistance Commission EDP Building, 2nd Floor; 219 North Senate Avenue Indianapolis, Indiana 46204 Tel: (317) 633-5445	
IOWA		
Ms. Willis Ann Wolff (A) Executive Director	Iowa Higher Education Facilities Commission; 201 Jewette Building 9th and Grant Avenue Des Monies, Iowa 50309 Tel: (515) 281-3501	
Gary W. Nichols (P) Director Student Aid Programs		
KANSAS		
Dr. John Conrad (A) Executive Director	Board of Regents, State of Kansas Merchants national Bank Tower, Suite 1416 Topeka, Kansas 66612 Tel: (913) 296-4827	
Gerald R. Bergen (P) Student Assistance Officer		
Phillip Arnold (F) Budget Officer		
KENTUCKY		
Paul P. Borden (A) (F) Executive Director	Kentucky Higher Education Assistance Authority; 691 Teton Trail Frankfort, Kentucky 40601 Tel: (505) 564-7990, Ext. 26	
Ms. Marleen Ingle (P) Deputy Director of Grant Program		
Ms. Brenda Fulkerson (T) Coordinator for Student Financial Aid		
LOUISIANA		
Richard W. Petrie (A) (P) Executive Director	Louisiana Higher Education Assistance Commission; P.O. Box 44127, Capitol Station Baton Rouge, Louisiana 70804 Tel: (504) 389-5491	
Ms. Billie R. Ritter (F) Fiscal Officer		
MAINE		
H. Sawin Millett, Jr. (A) Commissioner	State Department of Education and Cultural Services State Department of Education Building Augusta, Maine 04333 Tel: (207) 289-2541	
Harold M. Grodinsky (P) Coordinator Student Aid Programs		
Phillip Dumont (F) Director of Finance		
MARYLAND		
Dr. H. Kenneth Shook (A) (P) Executive Director	State Scholarship Board; 2100 Guilford Avenue, Room 206 Baltimore, Maryland 21218 Tel: (301) 383-4941	
Ms. Patricia A. Schmidt (F) Fiscal Associate II		
MASSACHUSETTS		
Leroy Keith (A) Chancellor	Massachusetts Board of Higher Education Park Square Building, Room 632; 31 St. James Avenue Boston, Massachusetts 02116 Tel: (617) 727-5366	
Graham R. Taylor (P) (F) Vice Chancellor for Student Affairs		
MICHIGAN		
Dr. John W. Porter (A) Superintendent of Public Instruction	Michigan Depatment of Education; P.O. Box 30008 Lansing, Michigan 48909 Tel: (517) 373-3394	
Ronald J. Jursa, Director Student Financial Assistance Services		
Aaron Hall (P) Supervisor of Scholarship and Tuition Grant Program		
Robert McKerr (F) Associate Supervisor for Business and Finance		
MINNESOTA		
Dr. Clyde Ingle (A) Executive Director	Minnesota Higher Education Coordinating Board Capital Square Building, Suite 901; 550 Cedar Street St. Paul, Minnesota 55101 Tel: (612) 296-5715	
Margaret Dean (P) Coordinator of State Scholarship and Grant Programs		
Arlon Haupert, Director (F) Administrative Services		
*MISSISSIPPI**		
James Harold McMinn (A) (P) Executive Director	Governor's Office of Job Development and Training; P.O. Box 4300 Jackson, Mississippi 39216 Tel: (601) 981-2635	
Ms. Damian Mercier (F) Manager, Fiscal Affairs		

* Not participating in the SSFAT Program for FY 1977

MISSOURI

Dr. J. Bruce Robertson (A) Commissioner

Richard C. Stillwagon (P) Director of Student Aid Programs

T. Michael Elliott (F) Assistant Commissioner for Budget

Missouri Department of Higher Education; 1130 East Elm Jefferson City, Missouri 65101
Tel: (314) 751-3940

MONTANA

Dr. Lawrence K. Pettit (A) Commissioner of Higher Education

William J. Lannan (P) Director of Special Projects and Community College Coordinator

John Noble, Jr. (F) Financial Deputy

Office of the Commissioner of Higher Education; 33 Last Chance Gulch Helena, Montana 59601
Tel: (406) 449-3024

NEBRASKA

Dr. William S. Fuller (A) (P) Executive Director

Ms. Katheryn Hayes (T) (F) Administrative Assistant

Nebraska Coordinating Commission for Postsecodnary Education; 301 Centennial Mall South P.O. Box 95005 Lincoln, Nebraska 68509
Tel: (402) 471-3847

NEVADA

Dr. Donald H. Baepler (A) (F) Acting Ahancellor

Ms. Mary Lou Moser (P) Budget and Research Analyst

University of Nevada System; 504 Marsh Avenue Reno, Nevada 89508
Tel: (702) 784-4901

*NEW HAMPSHIRE**

Dr. James Busselle (A) Executive Director

Ronald Wilson (P) (F) State Financial Assistance Coordinator

Postsecondary Education Commission; 66 South Street Concord, New Hampshire 03301
Tel: (603) 271-2555

NEW JERSEY

Dr. T. Edward Hollander (A) Chancellor

Dr. Haskell Rhett (P) Assistant Chancellor for Student Assistance and Special Projects

George Cole (F) Director of Administrations

Department of Higher Education; 225 West State Street Trenton, New Jersey 08625
Tel: (609) 292-8770

(1) Department of Higher Education state Scholarship Commission; 1474 Prospect Street Trenton, New Jersey 08625
Tel: (609) 292-4646

NEW MEXICO

Dr. Robert A. Huff (A) Executive Secretary

Thomas E. Wilson (P) Assistant Postsecondary Coordinator

Ms. Lou Holmes (F) Fiscal Officer

Board of Educational Finance Legislative-Executive Building, Room 201 Santa Fe, New Mexico 87503
Tel: (505) 827-2115

NEW YORK

Ms. Eileen Dickinson (A) President

Michael Cruskie (P) Vice President Research and Policy Analysis

Peter Grant (F) Supervisor of Higher Education Services, Corporation Accounts

New York State Higher Education Services Corporation Tower Building, 28th Floor Empire State Plaze Albany, New York 12255
Tel: (518) 474-4898

Tel: (518) 474-3712

Lorenz Worden (F) Director of Higher Award and Loan Program
Tel: (518) 474-3712

NORTH CAROLINA

Stan C. Broadway (A) (P) Executive Director

No Fiscal Officer Designated

North Carolin State Education Assistance Authority Box 2688, University Square West Chapel Hill, North Carolina 27514
Tel: (919) 929-2136

NORTH DAKOTA

Kenneth Raschke (A) Commissioner

Clark J. Wold (P) (T) Director North Dakota Student Financial Assistance Agency

Floyd B. Case (F) Director of Fiscal Affairs North Dakota Student Financial Assistance Agency

Board of Higher Education 10th Floor, State Capitol Bismarck, North Dakota 58505
Tel: (701) 224-2960

OHIO

Dr. James A. Norton (A) Chancellor

Charles W. Seward, III (P) (T) Director, Student Assistance

Henry Whitcomb (F) Director of Financial Management

Ohio Board of Regents; 30 East Board Street, 36th Floor Columbus, Ohio 43215
Tel: (614) 466-7420

OKLAHOMA

Dr. E.T. Dunlap (A) Chancellor

John Hopkins (P) Tuition Aid Grant Coordinator

Walter Williams (F) Loan Officer

Oklahoma State Regents for Higher Education; 500 Education Building State Capitol Complex Oklahoma City, Oklahoma 73105
Tel: (405) 521-2444, Ext. 37

OREGON

Jeffrey M. Lee (A) Executive Director

Gary Weeks (P) Deputy Director

Ms. Elizabeth Hands (F) Senior Budget Analyst of Budget Department

Oregon State Scholarship Commission; 1445 Willamette Street Eugene, Oregon 97401
Tel: (503) 686-4166

PENNSYLVANIA

Kenneth R. Reeher (A) Executive Director

Earl R. Fielder, Chief (P) Research and Plans

Samuel Johnson Deptuy Director
Tel: (717) 787-1910

Dr. J. Edward Ricart, Chief (F) Administrative Services

Pennsylvania Higher Education Assistance Agency Towne House Harrisburg, Pennsylvania 17102
Tel: (717) 787-1937

RHODE ISLAND

Thomas C. Schmidt (A) Commissioner of Education

Don Galamage (F) Deputy Assistant Commissioner for Budget

(1) John Madigan (P) (T) Coordinator

Rhode Island Department of Education; 199 Promenade Street Providence, Rhode Island 02908

(1) Rhode Island Department of Education Office

	of Student Assistance Roger Williams Building, Room 202 22 Hayes Street Providence, Rhode Island 02908 Tel: (401) 277-2050	ning Administration Tel: (804) 786-8654
SOUTH CAROLINA		*WASHINGTON*
R. Laine Ligon (A) (P) Director of Tutition Grant Agency	South Carolina Tuition Grants Agency; 411 Keenan Building Columbia, South Carolina 29201 Tel: (803) 758-7070	Patrick Callan (A) Executive Coordinator Carl Donovan (P) Deputy Coordinator Ms. Sharyn Ward (F) Administrative Officer
Grady L. Patterson, Jr. (F) State Treasurer of South Carolina Tel: (803) 758-7695		Council on Postsecondary Education; 908 East 5th Street Olympia, Washington 98504 Tel: (206) 753-3571
SOUTH DAKOTA		*WEST VIRGINIA*
Dr. Ronald Reed (A) (P) Secretary Ms. Addie Hayes (F) Assistant Secretary for Finance	Department of Education and Cultural Affairs State Capitol, Office of the Secretary Pierre, South Dakota 57501 Tel: (605) 224-3134	Dr. Ben L. Morton (A) Chancellor John F. Thralls (P) Director of Student Services Tel: (304) 348-0111 Ms. Randi Brooks (F) Accountant Bookkeeper Tel: (304) 348-2101
		West Vriginia Board of Regents; 950 Kanawha Boulevard East Charleston, West Virginia 25301 Tel: (304) 348-3101
TENNESSEE		*WISCONSIN*
Kenneth Barber (A) (T) Executive Director Howard T. Wall (P) Grant Administrator Ms. Emma Willson (f) Grant Management Officer	Tennessee Student Assistance Coporation; 707 Main Street Nashville, Tennessee 37206 Tel: (615) 741-1346	James A. Jung (A) Executive Secretary Richard H. Johnston (P) Administrator Division of Student Support Richard S. Severson (F) Data Processing
		State of Wisconsin Higher Educational Aids Board; 150 East Gilman Madison, Wisconsin 53702 Tel: (608) 266-1095
TEXAS		*WYOMING*
Dr. Kenneth H. Ashworth (A) Commissioner Coordinating Board Mack C. Adams, Head (P) Division of Student Services Ms. Jane Innis (F) Director of Grant Programs James McWhorter, Head (F) Division of Administration	Texas College and University System; P.O. Box 12788m Capitol Station Austin, Texas 78711 Tel: (512) 475-4147	(Vacant) (A) (P) (T) Executive Director No Fiscal Officer Designated
		Wyoming Higher Education Council' 1720 Carey Avenue, Boyd Building Cheyenne, Whyoming 82002 Tel: (307) 777-7763
UTAH		*AMERICAN SAMOA**
Dr. Terrel H. Bell (A) Commissioner Harden Eyring (P) Assistant Commissioner Director of Planning Dr. Howard Nielson (F) Associate Commissioner of Finance	Utah System of Higher Education; 807 East South Temple, Suite 204 Salt Lake City, Utah 84111 Tel: (801) 533-5617	Mrs. Mere T. Betham (A) Director of Education Sili M. Atuatasi (P) Program Official Lealofi Uiagalelei (F) Fiscal Officer
		Department of Education Pago Pago, Americam Samoa 96799 Tel: (Overseas) 633-5237
VERMONT		*GUAM**
Ronald J. Iverson (A) Executive Director Don Vickers Director of Administration Don Bernier (P) Director Grant and Scholarship Division Herb Kingsland (F) Controller	Vermont Student Assistance Corporation; 5 Burlington Square Burlington, Vermont 05401 Tel: (802) 658-4530	Dr. Rosa Carter (A) (P) President Cesar R. Pereyra (F) Vice President Business Affairs
		University of Guam Board of Regents; P.O. Box EK Agana, Guam 969 0 Tel: (734) 217
VIRGINIA		*PUERTO RICO*
Dr. Gordon K. Davies (A) (F) Director Barry M. Dorsey (P) Coordinator Federal Programs and Planning Administration Dr. Sharon Bob (P) Associate Coordinator Federal Programs and Plan-	State Council of Higher Education for Virginia; 700 Fidelity Building 9th and Maine Streets Richmond, Virginia 23219 Tel: (804) 786-3951	Luis E. Gonzalez-Vales (A) Executive Secretary Eduardo Bermudez-Davila (P) Coordinator, Fiancial Aid Andres Medina Pena (F) Acting Finance Officer
		Council on Higher Education; Box F, U.P.R. Station Rio Piedras, Puerto Rico 00931 Tel: (809) 765-6590, Ext. 266
		TRUST TERRITORY and COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS**
		David Ramarui (A) Director of Education Harold W. Crouch (P) Fiscal/Federal
		Headquarters, Department of Education Trust Territory of the Pacific Islands Saipan, Mariana Islands

Program Coordinator

Terry Edvalson (T)

Herman T. Guerrero (F) Shop and Student Services Officer

96950
Tel: (Saipan) 9780

VIRGIN ISLANDS

Dr. Gwendolyn E. Kean (A) Commissioner

(1) Dr. Rehenia A. Gabriel (P) Director Pupil Personnel Services

Ms. Shirley D. Richardson (F) Departmental Business Manager

Virgin Islands Department of Education Charlotte Amalie St. Thomas, Virgin Islands 00801

(1) Virgin Islands Department of Education; P.O. Box 630 St. Thomas, Virgin Islands 00801
Tel: (809) 774-0100, Ext. 271

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* Not participating in the SSFAT Program for FY 1977

Central SSIG Staff - Office of Education

Dr. Richard L. McVity
Director
State Student Incentive Grant Program
7th and D Streets, S.W., Room 3674 - ROB No. 3
Bureau of Student Financial Assistance
U.S. Office of Education
Washington, D.C. 20202

Program Officers:
John Fenwick
Lanora Smith
Telephone: (2)2) 245-2201-2-3 and 245-2354

Richard M. Millard
Director of Postsecondary Education
Ms. Nancy M. Berve
Associate Director
Education Commission of the States
300 Lincoln Tower Building
1860 Lincoln Street
Denver, Colorado 80203
Tel: (303) 893-5200

Appendix F

Sources of Information on the Guaranteed Student Loan Program

Alabama
Acting Regional Administrator
Student Financial Assistance
Office of Education, DHEW, Region IV
101 Marietta Tower — Third Floor
Atlanta, Georgia 30323
(404) 221-5008

Alaska
Director
Alaska Commission on Postsecondary
Alaska State Education Department
Pouch F, State Office Building
Juneau, Alaska 99801

Arizona (See California)

Arkansas
Student Loan Guarantee
Foundation of Arkansas
Suite 515, 1515 West 7th Street
Little Rock, Arkansas 72202
(501) 371-2634

California
Acting Regional Administrator
Student Financial Assistance
Office of Education, DHEW, Region IX
50 United Nations Plaza
San Francisco, California 94102
(415) 556-1630

Colorado
Acting Regional Administrator
Student Financial Assistance
Office of Education, DHEW, Region VIII
Federal Office Building, Box 3608
19th and Stout Streets
Denver, Colorado 80294
(303) 837-4128

Connecticut
Executive Director
Connecticut Student Loan Foundation
25 Pratt Streets
Hartford, Connecticut 06103
(203) 547-1510

Delaware
Director
Delaware Higher Education Loan Program
c/o Brandywine College
Post Office Box 7139
Wilmington, Delaware 19803
(302) 478-3000 Ext. 34

District of Columbia
Director
D.C. Student Loan Insurance Program
1329 E Street, N.W., Room 1005
Washington, D.C. 20004
(202) 638-1063 or 1020

Florida (See Alabama)

Georgia
Executive Director
Georgia Higher Education Assistance Corporation
9 LaVista Perimeter Park
2187 Northlake Parkway
Tucker, Georgia 30084
(404) 393-7241

Hawaii (See California)

Idaho (See Washington)

Illinois
Administrative Director
Illinois Guaranteed Loan Program
102 Wilmot Road
Deerfield, Illinois 60015
(312) 945-7040

Indiana
Acting Regional Administrator
Student Financial Assistance
Office of Education, DHEW, Region V
300 South Wacker Drive
Chicago, Illinois 60606
(312) 353-5127

Iowa (See Missouri)

Kansas
Director
Higher Education Assistance Foundation
51 Corporate Woods
9393 West 110th Street, Suite 405
Overland Park, Kansas 66210
(913) 648-4255

Kentucky (See Alabama)

Louisiana
Executive Director
Louisiana Higher Education Assistance Commission
Post Office Box 44127, Capitol Station
Baton Rouge, Louisiana 70804
(504) 389-5491

Louisiana (Vocational Students Attending Out of State Schools)
United Student Aid Funds, Inc.
200 East 42nd Street
New York, New York 10017
(212) 661-0900

Maine
Federal State Coordinator
State Department of Education & Cultural Services
Augusta, Maine 04330
(207) 289-2475

Maryland
Executive Director
Maryland Higher Education Loan Corporation
2100 Guilford Avenue
Baltimore, Maryland 21218
(301) 383-4150

Massachusetts
President
Massachusetts Higher Education Assistance Corporation
1010 Park Square Building
Boston, Massachusetts 02116
(617) 426-9434

Michigan
Director
Michigan Higher Education Assistance Authority
309 North Washington Avenue
Lansing, Michigan 48902
(517) 373-0760

Minnesota
Director
Minnesota Higher Education Assistance Foundation
1100 Northwestern Bank Building
55 East Fifth Street
St. Paul, Minnesota 55101
(612) 227-7661

Mississippi (See Alabama)

Missouri
Acting Regional Administrator
Student Financial Assistance
Office of Education, DHEW, Region VII
601 East 12th Street
Kansas City, Missouri 64106
(816) 374-5875

Montana (See Colorado)

Nebraska (See Missouri)

Nevada
Superintendent of Public Instruction
Nevada State Department of Education
Carson City, Nevada 78901
(702) 885-5700 Ext. 270

New Hampshire
Executive Director
New Hampshire Higher Education Assistance Foundation
143 North Main Street
Concord, New Hampshire 03301
(603) 225-6612

New Jersey
Director
New Jersey Higher Education Assistance Authority
1474 Prospect Street, Box 1417
Trenton, New Jersey 08615
(609) 292-3906

New Mexico (See Texas)

New York
President
New York Higher Education Services Corporation
Tower Building — Empire State Plaza
Albany, New York 12255
(518) 474-5592

North Carolina
Executive Director
North Carolina State Education Assistance Authority
Post Office Box 2688
Chapel Hill, North Carolina 27514
(919) 929-2136 or 966-5236

North Dakota (See Colorado)

Ohio
Executive Director
Ohio Student Loan Commission
50 West Broad Street, 8th Floor
Columbus, Ohio 43215
(614) 466-8716

Oklahoma
Chancellor
Oklahoma State Regents for Higher Education
500 Education Building
State Capitol Complex
Oklahoma City, Oklahoma 73105
(405) 521-2444

Oregon
Executive Director
Oregon State Scholarship Commission
1445 Williamette Street
Eugene, Oregon 97401
(503) 686-4166

Pennsylvania
Director
Pennsylvania Higher Education Assistance Agency
660 Boas Street, Towne House
Harrisburg, Pennsylvania 17102
(717) 787-1932

Puerto Rico
Acting Regional Administrator
Student Financial Assistance
Office of Education, DHEW, Region II
26 Federal Plaza, Suite 406
New York, New York 10007
(212) 264-4045

Rhode Island
Executive Director
Rhode Island Higher Education Assistance Corporation
187 Westminster Mall
Room 414, Box 579
Providence, Rhode Island 02901
(401) 421-4964 Ext. 1834

South Carolina (See Alabama)

South Dakota (See Colorado)

Tennessee
Executive Director
Tennessee Student Assistance Corporation
707 Main Street
Nashville, Tennessee 37206
(615) 741-1346

Texas
Acting Regional Administrator
Student Financial Assistance
Office of Education, DHEW, Region VI
1200 Main Tower Building
Dallas, Texas 75202
(214) 655-3811

Utah
Director
Utah Higher Education Assistance Authority
807 East South Temple, Suite 301
Salt Lake City, Utah 84103
(801) 533-5617

Vermont
Director
Vermont Student Assistance Corporation
5 Burlington Square, 4th Floor
Burlington, Vermont 05401
(802) 658-4530

Virginia
Executive Director
Virginia State Education Assistance Authority
Suite 311, Professional Building
501 East Franklin Street
Richmond, Virginia 23219
(804) 786-2035

Washington
Acting Regional Administrator
Student Financial Assistance
Office of Education, DHEW, Region X
Arcade Building — M.S. 1511
1321 Second Avenue
Seattle, Washington 98101
(206) 442-0460

West Virginia
Acting Regional Administrator
Student Financial Assistance
Office of Education, DHEW — Region III
Post Office Box 13716
3535 Market Street
Philadelphia, Pennsylvania 19101
(215) 596-1027

Wisconsin
Director
Wisconsin Higher Education Corporation
115 West Wilson Street
State Office Building
Madison, Wisconsin 53702
(608) 266-0887

Wyoming (See Colorado)

American Samoa (See California)

Guam (See California)

Trust Territory (See California)

Virgin Islands
Acting Regional Administrator
Student Financial Assistance
Office of Education, DHEW, Region II
26 Federal Plaza, Suite 406
New York, New York 10007
(212) 264-4045

Self-Evaluation Checklist

The following self-evaluation checklist is an unofficial version of the revised program review checklist. It is included in this Handbook to provide a means for schools to evaluate their own administration of Federal financial aid programs, and as a means of informing schools of the kinds of questions that would be asked during an actual program review.

I. General Program Administration

1.
   a. What is the level and composition (professional - clerical) of staffing in the financial aid office?
   *b. During what hours is the financial aid office open to students?
   *c. Has the institution designated an official who has the responsibility for coordination of the various Federal programs among themselves also Federal programs with the non-Federal programs?
   d. Does the FAO (staff) regularly attend professional conferences and workshops?

2.
   a. Is there a financial aid committee?
   b. If so, what is the composition of that committee?

3.
   *a. Are major functional responsibilities (Program/Fiscal) divided so that a single individual does not bear sole responsibility for the entire administration of the programs?
   *b. Are the functions of authorizing funds and disbursing funds divided in such a fashion that no one office has responsibility for both functions with respect to any particular student aided?
   c. Is there a systematic method by which recipient lists, withdrawal/graduation lists, and any adjustments are furnished to the fiscal office?

*4. Does the institution have written priorities and procedures (including appeals) established in selecting students to receive aid?

5. Are administrative files current and do the files contain:
   a. Eligibility Letter(s) from Division of Eligibility and Agency Evaluation (DEAE)?
   b. Terms of Agreement and extensions for each program? Is the institution aware of the expiration date of each Agreement or extension?
   c. Program Allocation Letters?
   d. Program reports (Fisc-Ops Report, Default Report, Progress Reports, Student Validation Report, Student Confirmation Reports, DFAFS Quarterly Report)?
   e. NDSL Interim Regs. (11/24/76) (8/24/78)
   SEOG Interim Regs. (11/24/76) (8/24/78)
   CWS Regs. (09/01/76) (CWS NPRM 9/28/77) (8/24/78)
   BEOG Regs. (08/10/76) (06/11/76) (04/04/75) (12/02/74) (11/06/74) BEOG NPRM (6/15/78)
   GSL Regs. +2/20/75) (1/29/76) (8/14/75) (GSL NPRM 5/5/78)
   Consumer Info. Regs. (12/1/77)
   LS&T Regs. (12/23/77)
   f. Notification of review action on institution's applications and appeals?
   g. NDSL List of designated low-income schools published in the Federal Register?
   h. Current Student Financial Aid and BEOG handbooks?
   i. NACUBO manual?
   j. NDSL collections manual?
   k. DFAFS manual?
   l. DFAFS Quarterly Reports?
   m. HEW Audit Guide?

6. Are the following forms/documents available for examination?
   a. Financial Aid Brochure
   b. Financial Aid Application
   c. Catalog
   d. Student Master Record Card
   e. Affidavit of non-support
   f. Affidavit of Educational Purpose
   g. NDSL Note (new), Disclosure Statement, and Repayment Agreement
   h. Notification and Acceptance Forms
   i. CWS Time Sheet/Records
   j. Manual of Institutional Financial Aid Policies
   k. Enrollment Agreement
   l. Written Refund Policy
   m. Current Student Budgets and Supporting Data
   n. Evidence of Payment

*7. In non-proprietary institutions, does the admissions policy allow for admitting students who have not completed high school or a GED, but who are beyond the age of compulsory attendance?

7a. In the case of proprietary schools, does the institution admit only students possessing a high school diploma or GED certificate.

8. a. What is the institution's definition of an enrolled student?
   b. Is there a systematic method by which the enrollment status of the student is verified before disbursement is made?

*Represents questions which are linked to statutory or regulatory requirements.

9. What is the institution's normal academic year?
*10. How does the institution define satisfactory progress?
*11. Is there a systematic method by which the financial aid office verifies the status of a student in good standing?
12. How does the institution define full-time, three-quarter time and half-time students?
13. a. Is there a systematic method by which the student financial aid office (and lender where appropriate) is notified when a student withdraws or drops courses?
b. What method does the institution use to determine a withdrawal date when a student does not formally withdraw?
c. What is the dropout rate at the institution?
d. Is the NDSL collections person notified when a student withdraws?
e. What procedures exist for assuring notification to lenders of GSL recipients' cessation of at least half-time studies?
*14. a. Does the institution have a written refund policy?
b. Is this policy systematically applied?
c. How does the institution proportion the refunds to the various program accounts?
*15. Which institutional official(s) notarizes the following:
a. GSL applications?
b. Affidavits of Educational Purpose?
*16. What needs analysis system is used?

II. Consumer Information Requirements

*1. For schools receiving an administrative cost allowance, does the information prepared for dissemination to students include descriptions of:
a. Programs authorized under Title IV?
b. Programs administered by the State in which the institution is located and the institution's own programs?
c. Procedures and forms for applying for aid, student eligibility requirements, recipient selection criteria, and eligibility criteria for the above programs?
d. Rights and responsibilities of students receiving aid under the Federal Financial Aid Programs?
*2. For schools offering vocational courses of study, is the appropriate information included on employment and salaries and is the student determined to be able to benefit from such study?
3. Is information provided to prospective GSL students as to complete description of programs and facilities offered?

III. Analysis of Student Financial Aid Files

*1. Does each student file take into consideration the amount of BEOG a student is entitled to receive, whether that student has applied for a BEOG or not, when making an award of campus based funds?
2. Does each student folder contain the following documentation for each year of award:
*a. Financial aid application if appropriate?
*b. Citizenship or resident status?
*c. Information on any prior aid received at another institution?
*d. Valid SER (institution copy)?
*e. GSL Application, if appropriate?
*f. Completed parent's/student's financial statement?
*g. Computed need analysis using the system(s) approved by the institution in the Terms of Agreement?
*h. Clear data which show an accurate budget for the student?
*i. Clear data which readily permit a determination of resources and student's need?
*j. Written documentation when changes have been made in the family resources and/or the student's computed need (preferably signed and dated by source of information?
*k. An *award letter?*
(1) Dated?
(2) Listing all campus-based and other applicable aid awarded? (BEOG eligibility considered even if student has not applied?)
(3) Signed by the Financial Aid Officer?
(4) Award period indicated?
*l. A dated acceptance of award signed by the student?
*m. A notarized *Affidavit of Educational Purpose?*
*n. Appropriate certification or documentation of student's indpendence?
3. Is there evidence that students' awards are packages so that:
*a. No student's total aid awarded exceeds need?
*b. NDSL awards do not exceed cumulative limits?
*c. No SEOG is less than $200 or greater than $1,500 for an academic year?
*d. SEOG awards do not exceed cumulative limits?
*e. A student receiving an SEOG award meets the definition of "exceptional financial need (family contribution + 50% of need)?'
*f. An SEOG award is apporpriately matched with other eligible aid?
*g. SEOG awards are proportionately reduced

for periods less than an academic year?

4. If an adjustment should be necessary in the award package is there evidence that the institution makes appropriate adjustments to the financial aid package *within* the term or the award year involved?
5. Summer CWS earnings:
   *a. If student works on CWS during a summer period, or other period during which she/he is not enrolled, are costs incident to employment considered to be 20 percent of the student's gross earnings or $300, whichever is less?
   *b. Is there written documentation in the student's file if costs incident to employment exceed the lesser of $300 or 20 percent?
   *c. Do such earnings not exceed the lesser of $600 or 40 percent in all cases?

*6. Does the institution's Basic Grant cost of education reflect the allowable expenses?
*7. Was the appropriate payment schedule or disbursement schedule used by the institution (enrollment status and current year) for the period involved?
*8. Is there a valid Student Eligibility Report (SER) secured prior to disbursement of BEOG funds?
*9. Are the SERs properly completed, dated and signed by the institutional representative?
*10. Were BEOG awards calculated correctly?
*11. Were proportional reductions of Basic Grants made where required for part-time students?
*12. When the student's academic year crosses two fiscal years, have two SERs been secured and proper prorations been made?
*13. Are appropriate records maintained regarding GSL students' academic standing and courses taken?
14. For student withdrawals, is there evidence of proper applications of the appropriate refund policy?

IV. Programmatic Section

*1. Are written job descriptions available on the CWS positions?
*2. Are job categories appropriate, i.e., are religious, political and displacement provisions satisfied?
*3. Does off campus employment meet the public interest test?
4. Off campus CWS agreements:
   *a. Is there a current written agreement on file for each off-campus agency participating in the CWS program?
   *b. Are agreements properly executed with only private non-profit or public institutions?
   *c. If the institution is proprietary, is it clear that *all* CWS employment is with off-campus employers which satisfy the conditions above?
   *d. Are agreements dated?
   *e. Do the agreements follow the model as set forth in Appendix B of the CWS regulations?
5. Minimum wage regulations:
   *a. Is the institution paying the current minimum wage to CWS students?
   *b. If less, and if the instiution is a private institution, does it have current approval from the Department of Labor, Wage and Hour Division, to pay subminimum wages?
   *c. If less, and if the institution is a public institution, (1) does it have approval which was effective on June 24, 1976, from the Wage and Hour Division to pay subminimum wages even though that division no longer makes this determination for public institutions, or (2) has the institution requested approval from the Commissioner to pay subminimum wages?
6. Payroll regulations:
   *a. Is there a system to limit the earnings of individual students to the amount awarded?
   *b. Under the system are the earnings posted on a current basis?
7. Restrictions on CWS earnings:
   *a. Do all CWS students work not more than an average of 20 hours per week (excluding summer 40-hour week CWS employment)?
   *b. If some CWS students are working in excess of an average of 20 hours per week, but not more than 40 hours per week, is there written documentation that the student's financial need remains so great it cannot be met from a job of 20 hours per week?
   *c. If students are employed beyond the 40 hour limitation, are the excess hours paid solely from other than Federal CWS funds?
   *d. Are such funds taken into account in determining the resources of that student?
   *e. Are CWS wages reasonable and appropriate in light of local circumstances and type of employment?
   *f. If the institution places CWS students with its private profit making services (food services, security services, etc), does the contract between the institution and the service agency specifically provide for the employment of a specific number of the institution's students, their selection by the institution and the determination of each of the students' rate of pay?
8. Is the hourly wage not tied to class status (junior, senior, etc.) and need?
9. Time cards:
   *a. Are CWS time cards submitted at least monthly?
   *b. Does the time card contain a certification by the student's supervisor stating that the student has worked the number of hours listed?

*c. Does the time card contain a certification by the student's supervisor of whether the work has been performed in a satisfactory manner?

d. Does the student sign the time card verifying the hours worked?

*10. Does the institution observe the $100 limitation on overaward and the $200 limitation on overaward resulting from employment in *two* or more concurrent jobs with one of these jobs being work-study?

V. General Fiscal Administration

*1. Is the institution aware that an audit of its campus-based student financial aid programs must be performed not less frequently than once every two years?

*2. Has the institution submitted the required reports (fiscal operations report, progress reports, student confirmation reports, NDSL default reports, and DFAFS quarterly reports, etc.) on a timely and accurate basis?

*3. Has the institution retained all program records for the required minimum of five years?

*4. Are appropriate files and records protected against fire and theft?

5. Are administrative files up-to-date and containing:

a. Program allocation letters?

b. Copies of required program reports?

c. Program and Applicable Regulations, including:

NDSL Interim Regs. (11/24/76) (8/24/78)
SEOG Interim Regs. (11/24/76) (8/24/78)
CWS Regs. (09/01/76) (CWS NPRM 9/28/77) (8/24/78)
BEOG Regs. (08/10/76) (06/11/76) (04/04/75) (12/02/74) (11/06/74) (BEOG NPRM 6/15/78)
GSL Regs. +2/20/74) (1/29/76) (8/14/75) (GSL NPRM 5/5/78)
Consumer Info. Regs. (12/77)
LS&T Regs. (12/23/77)

d. NACUBO Manual

VI. Audit Trail

1. Are the amounts of the allocation and authorization letters correctly entered as accounts receivable?

2. Do the DFAFS monthly cash requests appear reasonable for one month's (or terms's) disbursement?

*3. Are there adequate accounting records in the institution to assure the integrity of the Federal funds and to provide a clear audit trail? Once the institution receives a Treasury check for dollars requested, is there:

a. Evidence of deposit of the Treasury check in an account identified as being for Federal funds?

b. A transfer of funds indicated to individual program accounts either through subsidiary control legers or bank accounts?

c. Evidence of disbursement to students before funds are transferred to an institutional operating account?

*4. Does the institution have an adequate system to insure that BEOG, CWS, NDSL, and SEOG expenditures are controlled within the current year's allocation/authorization grant letters?

*5. Has the institution:

a. Included, in the name of any account in which Federal funds are deposited, the fact that Federal funds are deposited therein, *or,*

b. Sent a letter to the bank(s) listing the specific accounts in which Federal funds are deposited?

*6. SEOG Fund Disbursement:

a. Is there evidence that the institution's SEOG payments are disbursed in pro-rata amounts corresponding to the number of semesters, trimesters, or quarters in the institution's academic year? *or,*

b. If the institution does not use such academic periods, is there evidence that such funds are disbursed at least twice a year with at least half of the payment made after the midpoint of the academic year?

*7. NDSL Fund Disbursement:

a. Is there evidence that the institution's NDSL payments are disbursed in equal amounts corresponding to the number of semesters, trimesters, or quarters in the institution's academic year? *or,*

b. If the institution does not use such academic periods, is there evidence that such funds are disbursed at least twice a year with at least half of the payment made after the midpoint of the academic year?

*8. BEOG Fund Disbursement:

a. Is there evidence that the institution's BEOG payments are disbursed in equal amounts at least once at the beginning of each semester, trimester, or quarter in the institution's academic year? *or,*

b. If the institution does not use such academic periods, is there evidence that such funds are disbursed in equal amounts at least twice a year, with one payment made at the beginning of the academic year and one payment made at midpoint?

9. CWS Time Cards:

*a. Are CWS time cards submitted at least monthly?

*b. Does the time card contain a certification by the student's supervisor stating that the student has worked the number of hours listed?

*c. Does the time card contain a certification by the student's supervisor of whether the work has

been performed in a satisfactory manner?

d. Does the student sign the time card verifying the hours worked?

*10. Are CWS payments made by the institution at least once a month?

*11. Is at least the Federal portion of the CWS wages paid by check or similar instrument which may be cashed by the student on his own endorsement without further restriction?

*12. If the institution's CWS share is paid by check, is it disbursed to the student at the same time the Federal share is disbursed?

*13. If the institution's share is in the form of tuition, fees, services, or equipment for an academic period during which the student is employed, is that share contributed prior to the close of the student's final pay period?

*14. If the institution's share is in the form of prepaid tuition, fees, services, or equipment for a forthcoming academic period, does the institution give the student a statement of this share prior to the close of the student's last pay period?

*15. Is there sufficient documentation at the institution to support all payroll disbursements?

*16. Do the institution's accounts show that CWS funds are used only for:

a. Payment for the Federal share of compensation to students?

b. Transfer to SEOG?

c. Payment of allowable administrative expenses?

17. Is the appropriate ratio of institutional funds on deposit at the time of each CWS payroll disbursement?

*18. Does the accounting system show that SEOG funds are used only for:

a. Payment to students?

b. Transfer to CWS?

c. Payment of allowable administrative expenses?

*19. Does the accounting system differentiate between initial year and continuing year funds?

*20. Is the institution aware that direct transfers from the institution's Initial Year award to Continuing Year award (and vice versa) are not allowed?

*21. If the institution participates in the CWS and/or SEOG programs, is it meeting its Maintenance-of-Level-of-Effort requirements? Cite years for which base was calculated.

*22. Does the institution understand that cash or any expended grant authority in BEOG, SEOG and CWS remaining at the end of an award period *cannot* be used to increase the spending authority (grant letter or authorization letter amount) for the subsequent year?

*23. Are the following NDSL records maintained at the institution?

a. General Journal?

b. Cash Receipts Journal?

c. Cash Disbursements Journal?

d. Cancellation Jouranl?

e. General Ledger?

f. Subsidiary Ledge of Student Accounts?

*24. Is the institutional matching portion (1/9 of Federal share) deposited into the NDSL fund on or before the time that the Federal share is deposited?

*25. Are loan payments evidenced in the institution's records by cancelled checks or vouchers?

*26. Are signed receipts obtained each time a BEOG or SEOG payment is credited to a student's account?

*27. Is the school's refund policy in writing and applied correctly in conjunction with Guaranteed Student Loans and BEOG?

28. To whom are FISL refunds sent?

29. What accounting procedures do the institution use to keep track of undisbursed loans or portions of loans?

VII. NDSL Collections

*1. Do the institution's follow-up activities include the use of skip-tracing?

*2. Is there evidence that if the institution is still unable to obtain payment from the borrower, that it

a. Utilizes the services of a collection agency; *or,*

b. Performs collection activities with its own personnel; *or,*

c. Resorts to litigation?

*3. Does the institution understand that reasonable litigation and collection costs may be charged to the NDSL fund?

*4. Does the institution understand that it has the responsibility to make decisions relative to cancellation and deferment which *may not* be delegated to any billing service, collection, agency, or other fiscal agent?

*5. If the institution uses a billing service, does it understand that it *cannot* use a collection agency owned or controlled by that billing service?

*6. Has the institution maintained all financial aid repayment records on National Direct/Defense Student Loans for at least 5 years beyond the date on which the individual borrower's loan has been completely repaid, cancelled or assigned to the Office of Education?

7. Does the school have the NDSL list of designated low-income schools published with FEDERAL REGISTER? The NDSL Collections Manual?

*8. Does the institution use the appropriate NDSL promissory note form?

*9. Is there evidence that the institution provides to the borrower not later than the time a promissory note is signed, a full disclosure of his rights and obligations and Truth in Lending information whenever a loan is made?

*10. Is there evidence that each borrower receives an exit interview prior to leaving the institution?

*11. Does the exit interview procedure:
a. Provide the borrower with a detailed explanation of the borrower's rights and obligations?
b. Provide the borrower with a copy of the repayment schedule specifying the total amount of the loan and the dates and amounts of installments as they become due?

*12. If a borrower leaves the institution without a notice, are there procedures for mailing the borrower a copy of the note and other materials that would have been in the exit interview, and advising the borrower of the repayment schedule?

*13. Does the institution maintain a written record of the exit interview including a copy of the repayment schedule signed by the borrower?

*14. Does the institution have procedures for contacting each borrower no less than three times during his 9-month grace period?

*15. Is there evidence that the institution has established and maintained regular billing and follow-up procedures for the period in which any outstanding balance remains unpaid?

VIII. State Student Incentive Grant Program

The State Student Incentive Grant Program makes matching formula grants available to states to stimulate the establishment and expansion of State financial assistance programs and the investment of State resources in scholarship/grants for undergraduates with substantial financial need.

Participating status can use one or a combination of two student application and grant award procedures. Approximately two-thirds of the State operations are centrally administered. These agencies:

(1) receive applications for financial assistance directly from financially needy students;

(2) inform them of their awards (if found eligible); and

(3) upon notification of their attendance at an institution, make student/institutional payments of grants.

In the remaining states, funds are sub-allocated to eligible institutions on the basis of student enrollment need formula. The institution receives funds for student grant payments after submitting documents reflecting recommended applicants who meet the criteria for approval by the State agency and after such grants have been approved by the State agency.

Unlike the centrally administered SSIG programs where the actual student files are located in the State agency, the files in the decentralized systems are maintained at the institution. However, the statute places in the State agencies the responsibility of administering the SSIG Program. The program regulations require, therefore, that each participating State is subject to the audit and retention requirements of the Office of Education General Provisions.

Since the states are the designated recipients of the program, program reviews of the SSIG will have to be conducted at the state agencies regardless of whether the State operates a centralized or decentralized system. Naturally, whatever the level of involvement in SSIG Administration at an individual institution the program review would include examination of the operation of the program to the extent possible. The following questions would be utilized at a State agency in their entirety and utilized at an institution to the extent appropriate under the circumstances.

*1. a. What are the eligibility criteria for students who receive grants?
b. Does the State have a systematic procedure for verifying the eligibility information?

2. a. What are the State's standards for determining substantial financial need?
b. Are these standards consistently applied?

3. Which approved needs analysis system is used by the State?

4. What types of schools may a student receiving an SSIG attend?

5. Does the amount of funds expended by the State for the non-Federal portion of SSIG awards for each fiscal year represent an additional expenditure for that year over the amounts expended by the State for grants to all students attending institutions of higher education during the base year used in the maintenance of effort requirements?

6. a. Are Federal funds used to pay no more than 50 percent of the aggregate amount of individual student grants made under the program?
b. Are State matching funds made in a timely manner from appropriate sources?

7. Do student grants exceed the limit of $1500 per academic year?

8. Are distinctions between Initial Year and Continuing Year funds properly maintained?

9. Is the recipient maintaining satisfactory progress according to the standards of the institution at which the student is enrolled?

10. a. Does the recipient owe a refund on a grant previously received at that institution under the BEOG, SEOG, or SSIG program?
b. Is the recipient in default on a loan made, insured, or guaranteed under the NDSL or GSL program for attendance at that institution?

Exit Interview

The exit interview will normally include the President, Financial Aid Officer, Fiscal Officer and any other involved institutional personnel. Since this meeting will serve as a "summary" of findings, it should be well organized and be comprehensive enough so that no surprises will appear in the formal written report.

Weaknesses in program management should be identified and possible ways of improvement should be offered.

Strengths in program management should also be recognized and the Program Officer should be as supportive of the financial aid program as possible. Also an expression of appreciation for helpfulness of the institution and the level of cooperativeness of the institution should be acknowledged. In short, the presence of a "positive" attitude from the Program Officer is vital to the effectiveness and impact of the program review.

In situations where the program officer has discovered serious program violations, certainly the seriousness of the problems should be conveyed to institution officials. The subsequent program review report will be the official transmittal of all finds and recommendations.

Specific statements and questions which are answered during the meeting should be carefully noted, so that the written confirmation will follow the oral responses.

Program Review Report

The purpose of the program review report is to communicate the relevant findings of a review relating to any problems the institution may be having with the administration of student financial aid programs. It is expected that the presentation of the institution's administrative strengths and most good management suggestions will be covered in the exit interview. This strategy is not designed to de-emphasize technical assistance and positive feedback to the institutions, but is dictated by the necessity to utilize with maximum efficiency the limited time of the Program Officers.

The work sheets and the completed field document should provide the reviewer with the necessary documentation to prepare a report within no more than 30 days after the review in the vast majority of cases. A review finding no program administration exceptions, or exceptions only in classes I and II, would result in a letter confirming the findings and instructions given to the institution's officials during the exit interview. No regulatory citations would be necessary. The institution should be requested to respond within 30 days of receipt of such a letter with assurances that any required corrective steps have been completed, or specifying when such steps will be completed.

A review which uncovers findings in classes III - VI would require a more detailed and rigorous report. This report should be narrative in form and under each finding there should be a summary of each finding, a specific example(s), with citations for the applicable program regulations. The recommendations for action should be clearly related to the appropriate finding so that the institution will understand both the requirements and underlying reasons for such requirements. This report should be completed within 30 days of the review and the institution's response should again be submitted 30 days after receipt of the report.

A special copy of the report or letter should be prepared with the appropriate audit codes placed in the margin beside each finding. If the report is prepared by a Regional Office, the annotated report should be submitted to the Program Review Branch, Division of Certification and Review, in Washington, D.C. A copy of Central Office review reports are transmitted to the appropriate Regional Office. This information will be necessary for the combined audit - program review/program abuse information system being implemented in DHEW.

Follow-up On Institutional Response

The transmittal of the report on the program review normally requests a response within 30 days of receipt. In the event that a response is not received within the specified time period, with all due considerations given, the institution should be contacted and the reason for non-submission of a response ascertained. In a small number of cases the reason for lateness may be unwarranted. Regional Officer staff should consider whether a request to the Director, Division of Certification and Program Review for an Emergency Action under the LS&T authority is appropriate in these circumstances.

Once the institutional response is received, it should be reviewed carefully to ensure that all recommendations are adequately treated.

Institutions with no Major Exception Cited

If the institutional response is considered adequate and reasonably in compliance with the recommendations in the report, then the case may be closed. The institution should receive a brief letter confirming that all requirements have been met.

If additional information or clarification is needed, the reviewing officer should then follow through with

the institution until a satisfactory response is negotiated and the case can be closed. All correspondence and conversation with institutional officials regarding the review should be included in the institution's review file and copies sent to the Program Review Branch (Washington).

Institutions with Major Exceptions Cited

The basic procedure of reviewing the response for adequacy and reasonableness, documenting all conversations and keeping copies of all correspondence in the institutional file should be followed for institutions with major exceptions cited. However, since the resolution of these reviews will undoubtedly be more complex and since some will result in institutional financial liabilities, a greater amount of diligence and effort on the part of the Program Officer will be required in these situations.

A great many of these reviews may include the requirement for an independent audit to be conducted by the institution. It will be the responsibility of the Program Officer in these cases to determine an appropriate completion date of the audit, and to be sure that the specific program procedures are being applied properly during the conduct of the audit. Also, coordination and consultation with the HEWAA may be necessary, since the audit must be accepted by the HEWAA before the BSFA can be officially cognizant of the contents of that audit report.

The Compliance Division and the Office of Investigations may also be involved in a number of the institutional follow-ups and close coordination needs to be maintained with those offices to insure transmittal of the proper information.

In general, the institutional responses in these categories should be scrutinized and wherever there is any question or justifiable reason to doubt a response, there should be no hesitation on the part of the reviewing officer to request supporting documentation from the school.

Needless to say, the resolution of reviews involving major exceptions will often require considerable modifications of standard procedures. Considerable tact, judgment, and resourcefulness will be a definite requirement in dealing with these situations.

Taxonomy of Program Abuse

The classes of errors listed in this section are not intended to be mutually exclusive. Conceivably, it would be possible for one institution to have errors in each of the classifications. Obviously, a class V situation is more serious than a class II occurrence. The precise point at which any single class goes to the next level is primarily a judgment call exercised by the responsible Program Officer.

I. Exceptions to Good Field Practices:

The institution has not implemented certain good management practices having wide acceptance in the student financial aid community or which have been adopted by professional associations as conducive to responsible administration.

Examples:

(1) No financial aid committee
(2) Lack of an annual calendar of financial aid activities
(3) Financial Aid Office not open throughout the day
(4) No formal procedures for student grievances

BSFA Actions:

The reviewer should disseminate information, provide recommendations and explain how implementation of these practices can assist the institution in accomplishing its goals and provide for more effective administration. The review report would be a letter confirming the findings and recommendations.

II. Violations of Compliance Requirements:

The institution has failed to take actions that are clearly required by statute or regulations, yet it has the basic data necessary to assure that the students aided were needy, met other eligibility requirements, and that the funds were expended only for allowable purposes.

Examples:

(1) Absence of award letters or student acceptance documents
(2) All functions of determining eligibility and disbursing funds are in a single office
(3) Lack of NDSL exit interview procedures

BSFA Actions:

The reviewing office should communicate in the exit interview and by letter the compliance requirements that have been met and receive written assurance of their implementation as a condition of continued participation in the programs.

III. Liability Limited and Determined:

The institution has failed to obtain supporting data, take actions, or made incorrect judgments in the basic

areas of student eligibility requirements, appropriate expenditures, or matching requirements, and the failure is (a) limited in scope, (b) precisely determined through a site visit (program review) or other definitive means, and (c) judged to be extraordinary to otherwise generally acceptable proceudres.

Examples:

(1) Two cases of SEOG awards not meeting the definition of "exceptional financial need" in a review sample of SEOG awards for a year
(2) Absence of needs analysis in 10 percent of reviewed folders
(3) The institution has failed to deposit its institutional share when the last two deposits of Federal Capital Contribution were made to the NDSL funds
(4) In a review of a large number of SEOG awards, two cases were found where the "matching requirements" were short by, for example, $300 in each case due to improper funds being considered as matching
(5) One overaward in the sample of reviewed folders
(6) Ten percent of the sample indicates missing or improperly executed Affidavits of Educational Purpose
(7) Twenty percent or fewer files with missing receipts

BSFA Actions:

The program review report should communicate the extent of the liability to the institution. The recommendations of the reviewing office in situations where the liability is $50,000 or more are subject to the review and approval of the Chief, Program Review Branch (Washington). The draft report should be submitted to the Chief of the Program Review Branch for an expedited response to the issuing Region. Written evidence that the institution has made restitution and implemented policies or procedures to preclude further liability of the type identified should be received within 30 days of the institution's receipt of the report.

IV. Liability Undertermined but Reconcilable:

The institution has failed to obtain data, take action, or has made incorrect judgments in the basic areas of student eligibility requirements, appropriate expenditures, or matching requirements. The failure is of such scope that it cannot be determined with reasonable certainty during a program review but it is judged to be reasonably determinable by additional actions taken by the institution (including requirements for special independent audit reports at the institution's expense).

Examples:

(1) Fifty percent of all SEOG awards reviewed did not meet the definition of "exceptional financial need"
(2) Absence of needs analysis in a significant number of the reviewed folders
(3) Overawards in a large number of reviewed folders
(4) Failure to provide any institutional capital deposits to the NDSL fund
(5) More than ten percent of sample indicates missing or improperly executed affidavits
(6) More than twenty percent of sample indicates missing receipts

BSFA Actions:

Subject to the approval of the Chief, Program Review Branch (Washington), the reviewing office may negotiate with the institution to arrive at a mutually acceptable plan for the institution to determine the precise extent of liability and make restitution. Such a plan might include the institution itself reviewing all cases of a certain type to determine liability, or, in a more complex situation, an institutional commitment for a certified audit within a precise time span. The plan must be in writing, contain action steps, have a precise time for implementation and represent a firm institutional commitment to restore determined liabilities.

V. Liability Undertermined and Unreconcilable:

The institution has broad failures to obtain data, take action or has made incorrect judgment in the basic areas of student eligibility requirements, appropriate expenditures, and matching requirements to the extent that they are not likely to be determined without extensive reconstruction and audit work.

Examples:

(1) Absence of any substantial student eligibility documentation in a large percentage of cases
(2) No fiscal ledgers
(3) No traceable expenditure records
(4) Little or no evidence of student receipt of funds

BSFA Actions:

The reviewing office should refer these cases to the

Director, Division of Certification and Program Review for further action. Precise documentation, "a bill of particulars," should accompany the referral and the reviewing office may recommend the action it considers appropriate.

VI. Potential Fraud:

The institution is suspected of dererring Federal funds for its own purposes or suspicion exists of intent to deliberately circumvent basic Federal requirements.

BSFA Actions:

The reviewing office should refer these cases to the Director, Division of Certification and Program Review for further action. In general, the reviewing office should submit copies of documents indicating possible fraud whenever possible. The following are examples of circumstances which indicate, or may indicate, fraudulent activity.

(1) Falsification of information and records
(2) Signatures which appear to be forged
(3) Commingling of Federal funds
(4) Records inadequate for review (no audit trail)
(5) No power of attorney (GSL)
(6) Awards to ineligible students or students in ineligible programs
(7) Information secured from students, employers, or reports by other Federal and State agencies

Examples of documents which may assist the further investigations include:

(1) Copies of cancelled checks, or ledger entries of any unauthorized transfer of Federal funds to institutional accounts.
(2) Names of student and social security numbers in cases where there appears to be a pattern of refund liability, or other identifying information in cases where disbursements to non-enrolled or fictitious persons are involved.
(3) Brief and precise description of any weaknesses in fiscal controls where there is suspicion, but not concrete evidence, that federal funds may have been diverted for institutional or personal purposes.
(4) A copy of the institution's current and any previous catalogs.
(5) A copy of the institution's financial aid policy and procedures.
(6) Name of key official(s) at the institution involved in student financial assistance programs.
(7) List of as many students receiving financial assistance through BSFA programs as possible.
(8) Copy of institution's refund policy if not included in institution's catalog.
(9) Complaint letters
(10) Program review reports and any other reports relevant to the review.
(11) Copy of correspondence between OE and the institution.

Program Review Codes

General Program Fraud and Abuse

1301 Custody of Federal Funds*
02 Previous reported corrective action not adopted
03 Violation of conditions of participation by institution
03A Violation of compliance requirements*
04 Violations of conditions of participation by students
04A Violation of compliance requirements*

General Program Regulatory Violations

1308 Administrative expense claim exceeds limit
09 Maintenance of minimum level of effort not met
10 Students charged nonuniform tuition and fees
11 Other regulatory violations or deficiencies
11A Violation of program regulations*

General Program Accounting Deficiencies

1315 Records inadequate for audit
1315A Maintenance of records*
16 Letter of Credit report not reconcilable to other records
17 Cash balances in excess of need
18 Audit disagrees with financial report
19 Subsidiary accounts inadequate
20 Student ledgers inadequately or improperly posted
21 Interprogram transfer improper or excessive
22 Other accounting deficiencies
22A Inaccurate and incomplete information*

General Program Administrative Deficiencies

1323 Written operating procedures not available
24 Written refund policy lacking or not followed
25 Institution not diligent in obtaining refunds
26 Other administrative deficiencies
26A Need to segregate personnel duties*
26B Need additional staff*

General Program Student Records Deficiencies

1330 Student need documentation inadequate
31 Affidavit of educational purpose not on file
32 Other student records incomplete or missing

General Program Award Processing Deficiencies

1336 Awards to ineligible students
37 Awards to students in ineligible programs
38 Awards miscalculated
39 Awards made for less than program minimum
40 Awards exceed program maximum
41 Other awarding deficiencies

SEOG Specific Deficiencies

1401 Awards not sufficiently matched
02 Signed acknowledgement of award not on file
03 Direct transfer of funds between Iy - Cy or Cy - Iy
04 Other SEOG deficiencies *

CWS Specific Deficiencies

1406 Federal share of compensation exceeds 80%
07 Institutional 20 percent untimely or not provided
08 Federal share of earnings not paid by check
09 Students work over 40 hours per week
10 Students employed by ineligible agency
11 Records not available to support wages paid
12 Other CWS deficiencies *

NDSL Specific Deficiencies

1415 Delinquency rate excessive
16 Collection procedures inadequate
17 Interest computations erroneous
18 Cancellation inadequately documented
19 Institution Capital contribution untimely or not provided
20 Promissory notes incomplete or absent
21 Promissory notes not properly safeguarded
22 Sum of loans exceed allowable maximum
23 Loans exceeds maximum limits during first two years
24 Loans made to nursing students
25 Other NDSL deficiencies *

BEOG Specific Deficiencies

1428 Awards not paid in at least two equal payments
29 Award credited to student without signed receipts
30 SER data not verified with other student data
31 Other BEOG deficiencies *

GSLP Specific Deficiencies

1435 Loans disbursed prior to commitment
36 Loans disbursed to "no shows" after 90 days
37 Loans made or disbursed without due diligence
38 Interest charged to government excessive
39 Sale or transfer of ineligible/uninsurable loans

CAMPUS-BASED WORKSHEET

A/Y Reviewed _____ _____

Student Name _____ SSN: _____

Program Enrolled In _____ H.S. Diploma _____ Citizen or Perm. Res. _____

☆ ☆ ☆

BEOG WORKSHEET

A/Y Reviewed _____

Student Name _____ Soc. Sec. No. _____

Program Enrolled in _____ Length _____

Enrollment Date for Current Academic Year _____ Year in BEOG Program _____

High School Diploma _____ Citizen or Permanent Resident _____

SER

Cost of Education on SER _____ Eligibility Index _____

Breakdown: Scheduled Award _____

Tuition & Fees _____ Expected Disbursement _____

Room & Board _____ Award calculated correctly? _____

Miscellaneous _____ Full time _____ ¾ Time _____ ½ Time _____

Data reported by student appears to be reasonable? _____

Attendance confirmed before disbursement? _____

Student Affidavit signed? _____ Notarized? _____

DISBURSEMENT

Disbursement Method: By check to student _____ By credit to account _____

Payment	Date	Amount	Signed Receipt
1			
2			
3			
4			
5			
6			
Total			

REFUNDS

Date of withdrawal _____

Tuition refund to student $_____

BEOG recovery $_____

Calculated correctly? _____

Recovery entered in:

Basic Grant Cash Account _____

Progress Report _____

Comments: _____

Initials of reviewer _____

State Student Incentive Grant Program

FY 1978

STATE: _____

PAYMENT SYSTEM: _____

BASIC ALLOTMENT: $ _____

MAINTENANCE OF EFFORT:
Base Year: FY _____
Base Level of Effort (Subject to Audit): $ _____
(See paragraph 4, below)

Special Terms and Conditions Governing Administration Of The State Student Incentive Grant Program By State Grantee Agency

The Federal funds granted to the State scholarship/grant agency (hereafter referred to as "the agency") designated on the attached Notification of Grant Award (OE Form 6030) shall be administered in accordance with the following specific terms and conditions, which are incorporated in that grant by reference:

1. The agency shall administer a program of matching Federal and State scholarship/grant funds designed to expand existing State programs or establish new State programs, referred to hereafter as the "State Student Incentive Grant (SSIG) Program," under which initial and continuation grants of up to $1500 ($750 Federal share) per academic year for attendance at postsecondary educational institutions are provided to eligible undergraduate students who demonstrate substantial financial need.

2. The agency shall be considered to be the "single State agency" required to administer the SSIG Program under Section 415C(b)(1) of the Higher Education Act of 1965, as amended; and it shall be the only agency designated within the State to administer the SSIG funds awarded to the State, provided that the agency may utilize the services of one or more subagenices, including postsceondary educational institutions, acting on its behalf and at its discretion in carrying out individual functions or activities under its SSIG Program. Whether or not it utilizes the services of sub-agents, however, the agency shall remain primarily responsible for the proper administration of all aspects of its SSIG Program, including final approval of individual student awards.

3. The agency shall annually establish criteria, pursuant to the requirements of Section 415C(b)(3) of the Higher Education Act of 1965, as amended, defining "substantial financial need" of students for assistance under the SSIG Program; such criteria shall be subject to annual approval by the U.S. Commissioner of Education under the provisions of Regulations contained in 45 CFR 192.7 and 192.8.

e. Because the Fiscal Year 1978 SSIG Program appropriations were combined for both initial and continuation awards, States have been permitted to exercise discretion, when making application for FY 78 SSIG Program funds, in suballocating the funds allotted to each State for Fiscal Year 1978 as between those two categories of student awards. Final regulations governing such suballocations were published in the Federal Register on September 14, 1977 (45 CFR 192.3(f). The agency specifies on Line 12 of its FY 1977 application the amount of its allotment which is estimates would be suballocated for making initial awards, and on Line 19a of its application, the amount of its allotment which it estimates would be suballocated for making continuation awards. The cited special procedures provide for review by the Commissioner, on or before September 30, 1978, of these estimated suballocations. Not later than September, 1978, therefore, the agency shall report to the Commissioner, any revisions which are to be made to the estimated suballocations specified in its application; provided, that no revisions will be authorized by the Commissioner which will cause the agency to exceed the total award indicated in the attached notification, or any modification of the grant, or which will cause the total authorized nationally for initial awards in FY 78 to exceed the $50 M authorized ceiling for those awards. If the Commissioner shall determine, as a result of this review, that the agency's FY 78 allotment will not be fully utilized, it may reduce that allotment accordingly and reallot these unused funds to other States with remaining unmet need for SSIG Program funds.

f. The agency shall not make further revisions, subsequent to 9/30/78, in the amounts of its FY 78 SSIG Program allotment to be suballocated for making initial and/or continuation awards; provided, however, that if the agency shall deem it necessary at the close of the grant period to make further minor adjustments between these suballocations, in

order to avoid underutilization of funds granted to it for FY 78 and to maximize the number of students receiving grants, it may, at its option, provide for a final revision in its previous suballocations, amounting to not more than five (5) percent of the total FY 78 SSIG Program funds granted to it, provided such adjustment will not result in exceeding the $... ceiling on initial awards referred to in paragraph e, above, in which case the Office of Education reserves the right to disapprove such revisions, in whole or in part.

7. While no SSIG student awards shall be made to students enrolled in correspondence schools, the SSIG institutional eligibility policy includes 2-year and 4-year public and private colleges and universities, community and junior colleges, vocational schools, technical institutes, accredited proprietary schools, hospital schools of nursing, and others. Pursuant to the provisions of Sec. 415C(b)(4) of the HEA, as amended and 45 CFR 192.4(f), for academic years beginning October 1, 1978, or thereafter, all nonprofit institutions of higher education listed in the most recent edition of the publication "Postsecondary Institutions Eligible for the Basic Educational Opportunity Grant Program."

8. Some States also make awards which students may use at institutions located in other States. If the State wishes to determine whether a specific public or private nonprofit institution has been recognized as eligible for student aid by the Office of Education, the State should contact the Division of Eligibility and Agency Evaluation in the Bureau of Higher and Continuing Education, U.S. Office of Education, Washington, D.C. 20202.

9. The agency shall maintain adequate program and fiscal records and shall submit any reports which are required by the Commissioner in order to carry out his functions under the SSIG Program. The agency's records shall, in particular, demonstrate the maintenance of a clear audit trail reflecting the maintenance of separate fund accounts to document the receipt and disbursement of equal Federal and State matching contributions to the SSIG Program. These records shall demonstrate equality of Federal and State matching contributions, both in total and also on a grant-by-grant basis, so that each student grant awarded under the SSIG Program shall be made up of exactly equal portions of Federal and State matching funds (in addition to any supplemental awards which the agency may choose to make to any student from 100% State funded sources).

10. The agency shall furnish access to representatives of the Secretary and the Commissioner, and to representatives of Comptroller General of the United States, for purposes of audit and examination, to any books, documents, papers and records of the agency that are pertinent to this grant, at all reasonable times during the required period of retention of such records. Submission by mail of specimen documents of the types enumerated in this paragraph may be requested by the SSIG Program.

NOTE: The Notification of Grant Award document contains specific identification numbers which must be used for fiscal transactions (and related inquiries) with the Federal Government. The Entity Number or EIN (Employer Identification Number, developed by the Internal Revenue Service) uniquely identifies the recipient State agency. The Document Number identifies the specific Federal grant under this program. Besides Grant authority for the disbursement); the CAN (Common Accounting Number), which indicates the specific Federal account against which the disbursement is drawn; and the Object Class Number, which indicates the specific purpose or use of the Federal funds (for example, the 41. prefix indicates a grant).

Reports

The Grantee shall submit to the OE Finance Division the reports listed below in conformity with the quantity and due dates shown.

A. *PERFORMANCE REPORTS* (OE Form 1288-1, attached to Financial Status Report - HEW 601T - see below)

Type of Report	*Quantity*	*Due Date*
Final Report	3	30 days after the close of the Fiscal Year.

B. *FINANCIAL STATUS REPORT (HEW FORM 601T)* (mailed to Office of Education, Finance Division, Fiscal Services Branch, Room 3089, 400 Maryland Avenue, S.W., Washington, D.C. 20202)

Type of Report	*Quantity*	*Due Date*
Final	3	30 days after the close of the Fiscal Year.

C. *QUARTERLY REPORTS* (Letter of Credit Payment System only; mailed to same address as HEW 601T above)

Type of Report	*Quantity*	*Due Date*
602T	3	Within 15 working days following each Quarter
603T	3	Within 15 working days following end of each Quarter

Conditions For Payments

The Notification of Grant Award document indicates the specific payment system to be used, procedure for requesting funds, and contact point for inquiries regarding payments under the award. The officially designated State scholarship agency responsible for SSIGP may be under any of the following payment systems:

OE Letter of Credit may be used if the grantee is part of the State Department of Education and if the State is not affiliated with the DHEW disbursement system known as DFAFS (see below).

DFAFS (Departmental Federal Assistance Financing System, formerly NIH System) is used through special arrangements between the State fiscal office and DHEW.

Direct Payment, via U.A. Treasury check, may be used by certain designated State agencies. Federal funds are requested by submitting form HEW 604-T, "Request for Advance or Reimbursement."

NOTE: *Finance payment contacts are shown on the Grant Award documents March 1978*

(Name of State Agency)

SAMPLE

19__ - 19__ SSIG Student Institutional Roster

Report Date: _____

Institution _____

	Social Security Number	F P	Last Name	First Name	R O C	D I	Family Contribution	Net Income	I C	S.S.I.G. Amount	State Matching Amount	Other Financial Aid Amount	Total Financial Aid Amount	Cost of Education
1.														
2.														
3.														
4.														
5.														
6.														
7.														
8.														
9.														
10.														
11.														
12.														
13.														
14.														
15.														
16.														
17.														
18.														
19.														
20.														
21.														
22.														
23.														
24.														
25.														
26.														
27.														
28.														
29.														
30.														

I have examined this report and to the best of my knowledge and belief the information provided herein is true and correct.

Approved: _____
State Scholarship Officer

_____
Financial Aid Officer

F=Full-time student
P=Part-time student

D=Dependent student
I=Independent student

I=Initial award
C=Continuation award

R=On-campus resident student
O=Off-campus resident student

OFFICE OF EDUCATION
OFFICE OF GUARANTEED STUDENT LOANS
WASHINGTON, D.C. 20202

FEDERAL INSURED STUDENT LOAN

APPLICATION

TITLE IV-B
HIGHER EDUCATION ACT OF 1965, AS AMENDED
(20 U.S.C. 1071 ET SEQ)

EQUAL CREDIT OPPORTUNITY ACT NOTICE

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to contract in accordance with applicable State law); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is designated below.

A Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

B Office of the Comptroller of the Currency
490 L'Enfant Plaza East, S.W.
Washington, D.C. 20219

C Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

D Federal Home Loan Bank Board
101 Indiana Avenue, N.W.
Washington, D.C. 20552

E National Credit Union Administration
2025 M Street, N.W.
Washington, D.C. 20456

F Federal Trade Commission
6th Street and Pennsylvania Avenue, N.W.
Washington, D.C. 20580

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that an agency provide the following notice to each individual whom it asks to supply information:

1. The authority for collecting the requested information is sections 429(a) (1) and 428(a) of the Higher Education Act of 1965, as amended (20 U.S.C. 1079(a) (1) and 1078(a)). Applicants are advised that participation in the Guaranteed Student Loan Program (GSLP) is voluntary, but the requested information, except as noted in paragraph 4, is necessary for participation in the GSLP.

2. The principal purposes of this information are as follows: to verify the identity of the applicant; to determine program eligibility and benefits; to permit servicing of the loan; and in the event it is necessary, to locate missing borrowers and collect on delinquent or defaulted loans.

3. The routine uses include the following: the information may be furnished during the life of the loan to holders of this and other loans made to the borrower under the GSLP; to educational institutions in which the borrower is enrolled or is accepted for enrollment; to guarantee agencies; to contractors which assist the U.S. Office of Education in the administration of the GSLP; to Federal or State agencies or private parties who may be able to provide information necessary for the collection of the loan, or to assist in the servicing or collection of the loan.

4. OE FORM 1154: Applicants must provide all of the information requested in order to have their applications processed, except items related to Adjusted Family Income are required only if applicants are seeking Federal interest benefits.

Section 7(b) of the Privacy Act of 1974 (5 U.S.C. 552a note) requires that when any Federal, State, or local government agency requests an individual to disclose his social security account number (SSN), that the individual must also be advised whether that disclosure is mandatory or voluntary, by what statutory or other authority the SSN is solicited, and what uses will be made of it.

Section 7(a) (2) of the Privacy Act provides that an agency may continue to require disclosure of an individual's SSN as a condition for the granting of a right, benefit, or privilege provided by law where the agency required this disclosure under statute or regulation prior to January 1, 1975, in order to verify the identity of an individual.

Disclosure of the applicant's SSN is required as a condition for participation in the GSLP, as the U.S. Office of Education has, for several years, consistently required the disclosure of the SSN on application forms and other necessary GSLP documents adopted pursuant to published regulations (45 CFR 177, particularly 45 CFR 177.2(d) and 45 CFR 177.47(b)).

The SSN will be used to verify the identity of the applicant, and as an account number (identifier) throughout the life of the loan in order to record necessary data accurately. As an identifier, the SSN is used in such program activities as: determining program eligibility; certifying school attendance and student status; determining eligibility for deferment of repayment; determining eligibility for disability or death claims; and for tracing and collecting in cases of delinquent or defaulted loans.

In addition, the SSN of parents and spouses of applicants seeking Federal interest benefits are also required before any determination of eligibility for Federal interest benefits is made. The SSN may be used to obtain verification of the adjusted family income from the Internal Revenue Service, and to locate these individuals, if necessary.

GENERAL INSTRUCTIONS

READ THE PROVISIONS OF THE ATTACHED PROMISSORY NOTE (OE 1164) BEFORE TAKING THE APPLICATION TO THE LENDER. IF YOU HAVE ANY QUESTIONS, CLARIFY THEM WITH THE LENDER BEFORE THESE FORMS ARE SIGNED OR THE LOAN IS MADE.

1. THE STUDENT COMPLETES SECTION I AND THE BACKGROUND INFORMATION ON THE REVERSE SIDE OF THE LENDER COPY AND SUBMITS ONLY THE APPLICATION (AND THE ATTACHED PROMISSORY NOTES) TO THE EDUCATIONAL INSTITUTION.

2. THE EDUCATIONAL INSTITUTION COMPLETES SECTION II (AND WHEN APPLICABLE, SECTION III), AND RETURNS THE APPLICATION (AND ATTACHED PROMISSORY NOTES) TO THE STUDENT WHO SUBMITS THE APPLICATION (AND ATTACHED PROMISSORY NOTES) TO THE LENDING INSTITUTION.

3. THE LENDING INSTITUTION COMPLETES SECTION IV AND FORWARDS THE LENDER COPY AND THE SCHOOL COPY INTACT TO THE OFFICE OF EDUCATION STUDENT LOAN PROCESSING CENTER FOR COMMITMENT. THE LENDING INSTITUTION RETAINS THE TWO PROMISSORY NOTES AND THE STUDENT COPY OF THE APPLICATION UNTIL THE LOAN IS APPROVED. WHEN THE LOAN IS APPROVED, ONE COPY OF THE PROMISSORY NOTE AND THE STUDENT COPY OF THE APPLICATION MUST BE PROVIDED TO THE STUDENT.

STUDENT INSTRUCTIONS

THE OFFICE OF EDUCATION DOES NOT WARRANTY OR VOUCH FOR THE QUALITY OR SUITABILITY OF THE EDUCATIONAL PROGRAMS OFFERED BY EDUCATIONAL INSTITUTIONS ELIGIBLE TO PARTICIPATE IN THE GUARANTEED STUDENT LOAN PROGRAM. THE APPLICANT SHOULD USE CARE IN SELECTING A SCHOOL AND SHOULD CAREFULLY EVALUATE HIS/HER ABILITY TO BENEFIT FROM THE PROGRAMS OFFERED BY THE EDUCATIONAL INSTITUTION.

NOTE: Please remove the application from the booklet before completion. Review each copy of the application to insure that all information is legible.

SECTION I

ITEM 2 Social Security Account Number.
Read the Privacy Act Notice before completing this item.

ITEM 4 U.S. Citizen or National.
If you checked the "NO" box, you must indicate in the space provided, your Alien Number (the "A" number on your Alien Registration Receipt Card (Form I-151)) or your "Passport or Alien Registration" on the Form I-94.

Also, holders of Form I-94 must place in the space marked "I-94 Authority" in Item 4 the words "Paroled," "Refugee," or "Humanitarian" from the lower righthand corner of the I-94.

ITEM 5 Legal State Residence.
Residency requirements vary from State to State. Be certain you meet the requirements of the State indicated.

ITEM 6 Major Course of Study.
If you have not determined your course of study at this time indicate by marking this block "undecided."

ITEM 7 High School Graduate or Equivalent.
If you are not a high school graduate, indicate highest grade completed in the space provided on the form.

ITEMS 8, 9, 10
THESE ITEMS NEED NOT BE COMPLETED IF YOU ARE NOT APPLYING FOR FEDERAL INTEREST BENEFITS. IF YOU ARE NOT APPLYING FOR FEDERAL INTEREST BENEFITS, INDICATE BY WRITING "NOT APPLYING FOR FEDERAL INTEREST BENEFITS" OVER THESE ITEMS.

STUDENT INSTRUCTIONS
(CONTINUED ON NEXT PAGE)

FEDERAL INTEREST BENEFITS

Any student whose adjusted family income is less than $25,000 will automatically qualify for Federal interest benefits. Students with adjusted family incomes of $25,000 or greater applying for Federal interest benefits on loans of any amount must submit to an analysis of need to be performed by the school. NOTE: if the student plans to attend a foreign school, he/she should contact the lender for instructions regarding performance of the analysis of need.

For those students eligible for Federal interest benefits, the Federal government will pay to the lender the total interest due prior to the beginning of the repayment period. Students not eligible for Federal interest benefits or not wishing to disclose necessary financial data required for determining eligibility, may still apply for a loan but must make arrangements with the lender for payment of the interest that accrues on the loan balance prior to the repayment period. During the repayment period all borrowers will be responsible for total interest charges. If the student qualified for Federal interest benefits while in school, he/she is also eligible for these benefits during any period of authorized deferment.

Students must qualify for Federal interest benefits at the time of application for each loan. Future changes in income will not affect the student's eligibility for Federal interest benefits on this loan.

ITEM 10 Adjusted Gross Income.
All persons whose incomes are reported (as determined in Items 8 and 9) must use income figures from the immediately preceding tax year. If the Federal Income Tax Return for the immediately preceding tax year has not yet been filed for any income reported on this statement, the computation on this statement and any Federal interest benefits received are subject to adjustment on the basis of income figures that are actually reported. The student borrower must immediately report to the lender any differences in such later reported figures which produce amounts in excess of those reported on this form.

Income earned abroad by any individual whose income is NOT subject to taxation under the Internal Revenue Code due to the fact that such individuals are U.S. citizens living abroad, shall be computed in the same manner as though it were taxable. Income of non-resident aliens or income of residents of Puerto Rico shall be treated as provided for in instructions made available through the lender.

ITEM 11 Number of Applicant's Dependents.
Indicate the total number of persons within your household who are dependent upon you for support.

ITEM 12 Period of Loan.
Indicate by date the period for which this loan is to be used. These dates should coincide with a school period (e.g. semester, trimester, quarter, academic year, etc.) but must not exceed an academic year.

ITEM 13 Amount Requested.
Enter the minimum amount necessary to meet your educational costs.

ITEMS 14-21
Signatures.
You are required to sign this application in the presence of a notary public or other person legally authorized to administer oaths or affirmations, who must also sign the form.

Your spouse and/or parents must sign the application if their incomes are required in ITEM 10. All Social Security Account numbers must be entered for those persons signing ITEMS 16, 18, and 20 on the application. All persons signing the application should read the Privacy Act notice located on the inside front cover.

When the application is approved by the Office of Education, the applicant will be required to sign the Promissory Notes and the statement of Student Rights and Responsibilities on the reverse side of the lender's copy of the Promissory Note. NOTE: Lenders operating under the Escrow Disbursement System may require the Promissory Notes to be signed at the time of application.

ITEMS 49-54 (ON REVERSE OF LENDER COPY)
Background information.
THIS INFORMATION MUST BE COMPLETED BEFORE THE APPLICATION CAN BE PROCESSED.

ITEM 49 Permanent Home Residence Address.
Your permanent address and telephone number are entered with street number, RFD, or general delivery, as appropriate. A temporary school or military address is not acceptable.

ITEM 50 Temporary School Residence Address.
The current address at which correspondence from the Office of Education, school, or lender may be received. If the same as ITEM 49 indicate by writing "same as above."

ITEM 52 Indebtedness.
If additional space is needed, continue in the space marked "Additional Information".

ITEMS 53-54
Names and Addresses of Parents.
If the names are other than those of parents, list individuals who will continue to be aware of your location. Indicate the relationship of those individuals listed if other than parents.

STUDENT APPLICATION FOR A FEDERAL INSURED LOAN

WARNING: ANY PERSON WHO KNOWINGLY MAKES A FALSE STATEMENT OR MISREPRESENTATION ON THIS FORM IS SUBJECT TO PENALTIES WHICH MAY INCLUDE FINES AND IMPRISONMENT UNDER THE UNITED STATES CRIMINAL CODE AND 20 USC 1097-4.

FOR OE USE ONLY

Amount of Commitment $

LOAN COMMITMENT EXPIRES ON DATE SHOWN IN ITEM 29 (2).

SECTION I – TO BE COMPLETED BY STUDENT *IMPORTANT* READ INSTRUCTIONS BEFORE COMPLETING

1. LAST NAME – FIRST NAME – MIDDLE INITIAL

2. SOCIAL SECURITY NUMBER

3. BIRTHDATE MONTH DAY YEAR

4. U.S. CITIZEN OR NATIONAL (1) YES ☐ (2) NO ☐

ALIEN NUMBER _____

I-94 AUTHORITY _____

5. LEGAL STATE RESIDENCE

6. MAJOR COURSE OF STUDY

7. HIGH SCHOOL GRADUATE OR EQUIVALENT (1) YES ☐ (2) NO ☐ HIGHEST GRADE COMPLETED _____

8. HAVE YOU DURING THE PRECEDING 12 MONTHS (A) RESIDED WITH, (B) BEEN CLAIMED AS A DEPENDENT FOR FEDERAL INCOME TAX PURPOSES BY, OR (C) BEEN THE RECIPIENT OF AN AMOUNT IN EXCESS OF $600 FROM ONE OR BOTH OF YOUR PARENTS?

(1) YES ☐ (2) NO ☐

IF THE ANSWER TO THE ABOVE QUESTION IS "YES" (IN WHOLE OR PART) YOUR PARENTS MUST COMPLETE AND SIGN THIS STATEMENT OF ADJUSTED FAMILY INCOME.

9. IF MARRIED, ARE YOU LEGALLY SEPARATED, OR HAVE YOU FOR THE PRECEDING 12 MONTHS BEEN LIVING APART FROM YOUR SPOUSE?

(1) YES ☐ (2) NO ☐

IF THE ANSWER TO THE ABOVE QUESTION IS "NO", YOUR SPOUSE MUST COMPLETE AND SIGN THE STATEMENT OF ADJUSTED FAMILY INCOME.

10. ADJUSTED GROSS INCOME (FROM FEDERAL TAX RETURNS FOR IMMEDIATELY PRECEDING TAX YEAR)

A. FATHER $	MOTHER $	JOINT $	$
B. STUDENT $	SPOUSE $	JOINT $	$
C. TOTAL ADJUSTED GROSS INCOME (ADD LINES 10A AND 10B)			$
D. ENTER 10 PERCENT OF LINE 10C			$
E. ENTER THE TOTAL DOLLAR AMOUNT OF PERSONAL EXEMPTIONS CLAIMED ON TAX RETURNS			$
F. ENTER TOTAL OF LINES 10D AND 10E			$
G. ADJUSTED FAMILY INCOME (SUBTRACT LINE 10F FROM LINE 10C)			$

11. TOTAL NUMBER OF APPLICANT'S DEPENDENTS

12. PERIOD OF LOAN MONTH/DAY/YEAR

(1) FROM _____

(2) TO _____

13. AMOUNT REQUESTED

$ _____

I, EACH OF US, CERTIFY THAT THE INFORMATION CONTAINED IN THIS APPLICATION IS TRUE, COMPLETE, AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND IS MADE IN GOOD FAITH. I, THE BORROWER, FURTHER CERTIFY THAT THE PROCEEDS OF ANY LOAN MADE AS A RESULT OF THIS APPLICATION WILL BE USED FOR EDUCATIONAL PURPOSES, AND, THAT I, THE BORROWER, AM NOT IN DEFAULT ON ANY LOAN MADE UNDER THE GUARANTEED STUDENT LOAN PROGRAM FOR ATTENDANCE AT THE INSTITUTION INDICATED BELOW. SIGNATURES ARE REQUIRED FOR ALL PERSONS WHOSE INCOME IS REPORTED ON THIS FORM. THE STUDENT MUST SIGN EVEN THOUGH HE/SHE HAS NO INCOME.

☐ I HEREBY AUTHORIZE THE EDUCATIONAL INSTITUTION TO MAKE REFUNDS DUE ME TO THE LENDING INSTITUTION IN ORDER TO REDUCE MY LOAN OBLIGATIONS.

APPLICANT MUST COMPLETE INFORMATION ON THE REVERSE SIDE OF THE ORIGINAL (LENDER COPY) BEFORE APPLICATION CAN BE PROCESSED.

14. SIGNATURE OF APPLICANT (MUST BE NOTARIZED)

15. DATE

16. SIGNATURE OF SPOUSE

17. SPOUSE'S SOCIAL SECURITY NUMBER

18. SIGNATURE OF FATHER

19. FATHER'S SOCIAL SECURITY NUMBER

20. SIGNATURE OF MOTHER

21. MOTHER'S SOCIAL SECURITY NUMBER

Subscribed and sworn by student before me this _____ day of _____ 19_____

SEAL

_____
Notary Public

_____
Notary's Address

My Commission Expires _____ Date

K-5

K-6

SECTION II AND III – TO BE COMPLETED BY THE EDUCATIONAL INSTITUTION (SEE INSTRUCTIONS ON REVERSE OF SCHOOL COPY)

NAME OF EDUCATIONAL INSTITUTION

22. ENTITY NUMBER

23. SCHOOL CODE

24. AREA CODE/TELEPHONE NUMBER

ADDRESS

CITY STATE ZIP CODE

25. STUDENT STATUS
(1) FULL-TIME ☐
(2) HALF-TIME ☐

26. STUDENT CLASSIFICATION
(1) UNDERGRAD. OR VOCATIONAL ☐
(2) GRADUATE OR PROFESSIONAL ☐

27. ANTICIPATED DATE OF GRADUATION MONTH/YEAR

28. ACADEMIC YEAR MONTH/YEAR
(1) FROM
(2) TO

29. PERIOD OF LOAN MONTH/DAY/YEAR
(1) FROM
(2) TO

30. INDICATE LENGTH (IN ACADEMIC YEARS) OF CURRENT PROGRAM OF STUDY. 1 2 3 4 5 6 7 8

31. THIS LOAN IS FOR WHICH ACADEMIC YEAR OF THE CURRENT PROGRAM STUDY? 1 2 3 4 5 6 7 8

32. INDICATE THE NUMBER OF ACADEMIC PERIODS IN AN ACADEMIC YEAR 1 2 3 4 5 6

33. MARK EACH ACADEMIC PERIOD COVERED BY THIS LOAN
1st ☐ 2nd ☐ 3rd ☐ 4th ☐ 5th ☐ 6th ☐

34. DISBURSEMENT SCHEDULE (SEE INSTRUCTIONS)

	A.	B.	C.	D.	E.	TOTAL
DATE						
AMOUNT						$

I HEREBY CERTIFY THAT THE ABOVE STUDENT IS ACCEPTED FOR ENROLLMENT OR IS ENROLLED IN GOOD STANDING AND IS MAKING SATISFACTORY PROGRESS IN A PROGRAM DETERMINED TO BE ELIGIBLE FOR THE GUARANTEED STUDENT LOAN PROGRAM AND THAT THE STUDENT DOES NOT OWE A REFUND ON GRANTS PREVIOUSLY RECEIVED AT THIS INSTITUTION UNDER TITLE IV OF THE HIGHER EDUCATION ACT OF 1965, AS AMENDED, OR IS NOT IN DEFAULT ON ANY LOAN FROM A STUDENT LOAN FUND AT THIS INSTITUTION PROVIDED FOR IN PART E OF THE ABOVE NAMED ACT, OR A LOAN MADE UNDER THE GUARANTEED STUDENT LOAN PROGRAM FOR ATTENDANCE AT THIS INSTITUTION. I FURTHER CERTIFY THAT THE INFORMATION GIVEN ABOVE IS TRUE, COMPLETE, AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ESTIMATED COSTS OF EDUCATION FOR LOAN PERIOD		FINANCIAL AID FOR LOAN PERIOD	
TUITION AND FEES	$	BASIC EDUCATIONAL OPPORTUNITY GRANT	$
ROOM AND BOARD	$	COLLEGE WORK STUDY	$
BOOKS AND SUPPLIES	$	OTHER SCHOLARSHIPS AND GRANTS	$
PERSONAL EXPENSES	$	NATIONAL DIRECT STUDENT LOAN	$
TRANSPORTATION	$	OTHER EDUCATIONAL LOANS	$
35. TOTAL	$	36. TOTAL	$

39. SIGNATURE OF AUTHORIZED SCHOOL OFFICIAL

40. PRINT OR TYPE NAME AND TITLE

41. DATE

SECTION III

37. NEEDS ANALYSIS (SEE INSTRUCTIONS)

A. BASED ON A UNIFORMLY APPLIED DETERMINATION OF NEED AND IN THE BEST JUDGEMENT OF THE FINANCIAL AID OFFICER, TAKING INTO ACCOUNT ALL FACTORS, WHAT CAN THE FAMILY REALISTICALLY CONTRIBUTE?

(1) $

(2) NEEDS ANALYSIS METHOD

(3) ADJUSTMENT REASON CODE

B. INTEREST BENEFITS ELIGIBILITY
(Items 35 less Items 36 and 37(A)(1).)

$

38. NET COST OF EDUCATION
(Item 35 less Item 36)

$

SECTION IV – TO BE COMPLETED BY THE LENDING INSTITUTION (SEE INSTRUCTIONS ON REVERSE OF LENDER COPY)

NAME OF LENDING INSTITUTION

42. ENTITY NUMBER

43. LENDER CODE

44. AREA CODE/TELEPHONE NUMBER

ADDRESS

CITY STATE ZIP CODE

45. AMOUNT LENDER APPROVES

A. ELIGIBLE FOR FEDERAL INTEREST BENEFITS $

B. NOT ELIGIBLE FOR FEDERAL INTEREST BENEFITS $

C. TOTAL AMOUNT APPROVED BY LENDER $

CHECK INFORMATION ON THE REVERSE SIDE OF THE ORIGINAL (LENDER COPY) FOR COMPLETION BEFORE SUBMITTING FOR PROCESSING

46. SIGNATURE OF AUTHORIZED LENDING OFFICIAL

47. PRINT OR TYPE NAME AND TITLE

48. DATE

1. LENDER COPY

APPLICANT'S BACKGROUND INFORMATION (THIS PORTION MUST BE COMPLETED BEFORE PROCESSING)

49. PERMANENT HOME RESIDENCE ADDRESS (STREET)	CITY	STATE	ZIP CODE	AREA CODE AND TELEPHONE NUMBER
50. TEMPORARY SCHOOL RESIDENCE ADDRESS (STREET)	**CITY**	**STATE**	**ZIP CODE**	**AREA CODE AND TELEPHONE NUMBER**

51. WHILE IN SCHOOL, THE APPLICANT INTENDS TO:

☐ LIVE AT HOME ☐ LIVE OFF-CAMPUS ☐ LIVE ON-CAMPUS

52. LIST ALL INDEBTEDNESS OF $100 OR MORE

ALL GUARANTEED STUDENT LOANS NAME OF LENDER	SCHOOL PERIOD		DATE OF LOAN	UNPAID BALANCE	OTHER DEBTS AND OTHER EDUCATIONAL LOANS NAME OF LENDER	DATE OF LOAN	UNPAID BALANCE
	BEGINNING	ENDING					

53. INDICATE NAMES OF PARENTS (OR GUARDIANS) OR, IF DECEASED, NEAREST LIVING RELATIVE OTHER THAN SPOUSE OR SPOUSE'S PARENTS.

NAMES	STREET ADDRESS	CITY	STATE	ZIP CODE	AREA CODE AND TELEPHONE NUMBER

54. INDICATE NAME OF NEAREST LIVING ADULT RELATIVE. IF NOT AVAILABLE CHOOSE OTHER EMPLOYED ADULT.

NAMES	STREET ADDRESS	CITY	STATE	ZIP CODE	AREA CODE AND TELEPHONE NUMBER

ADDITIONAL INFORMATION (if necessary)

SECTION IV LENDER INSTRUCTIONS

The Equal Credit Opportunity Act of 1975 (ECOA) provides that lenders must inform loan applicants, at the time of application, of the supervisory agency that oversees that lender's operations. The ECOA Notice located on the inside front cover of this booklet provides a space for lenders to indicate this information. State chartered member banks may indicate the Federal Reserve System (A) as their monitoring agency for purposes of the Federal Insured Student Loan Program.

The lender should review the application for completeness including certification of the borrower's signature by a notary public or other person authorized to administer oaths or affirmations. ITEMS 49-54 above must be completed before this application can be processed. Students not applying for Federal interest benefits need not complete ITEMS 8, 9, or 10.

The lender must complete Section IV. The Lender and School copies of the application must then be submitted to the Office of Education Student Loan Processing Center for the insurance commitment. When the loan is approved, a copy of the promissory note and the Student Copy of the application must be provided to the student.

The Disclosure of Finance Charges (OE 1200) has been incorporated in the promissory note, thereby eliminating that form. However, it is essential that OE form 1201 (or other acceptable disclosure notice) be properly executed when the loan goes into repayment.

Except for lenders holding comprehensive certificates of insurance or expressly approved by the Commissioner of Education's designee, the disbursement of funds must not be made until the original copy (Lender Copy) of this application is returned to the lender with the insurance commitment stamped in the upper right-hand corner. Disbursements should be reported to the Office of Education on the Lender Manifest (OE 1151).

Disbursements must be made by check payable to the order and requiring the endorsement of the student. In addition, disbursements may not be made after the expiration of the loan period (the last date in ITEM 29) without the approval of the Office of Guaranteed Student Loans.

ITEM 42 Entity Number.
This number consists of the nine-digit Employer Identification Number assigned to the lender by the Internal Revenue Service with a one-digit prefix (always 1) and a two-digit suffix (indicating different branches or other organizational units). If the lending institution official is not aware of the Entity Number, he/she should contact the nearest Office of Education regional office.

ITEM 43 Lender Code.
All eligible lending institutions have been assigned a six-digit lender code which must be entered here. When the Entity Number system has been fully implemented, the Lender Code will no longer be requested.

ITEM 45 Amount Lender Approves.
The total amount approved (Item 45C) must not exceed the lesser of the amounts in Item 13 (Amount Requested) or Item 38 (Net Cost of Education) within statutory limits. Statutory limits vary for type of lender and year of study. For specific information, please check the Lender Manual.

If Item 10G (Adjusted Family Income) is less than $25,000, the full amount of the loan is eligible for Federal interest benefits. If Item 10G is $25,000 or more, check Item 37B (Interest Benefits Eligibility) for the amount of the loan eligible for Federal interest benefits. If the lender feels the amount in Item 37B should be increased, he/she may approve Federal interest benefits for an amount larger than that in Item 37B, however, the lender must justify the increase in the Additional Information box on the reverse of the Lender Copy.

SCHOOL INSTRUCTIONS

SECTION II

The financial aid officer, or other authorized school official completes Section II (and when applicable, Section III), and returns all copies of the application (and the attached promissory notes) to the student for transmittal to the lender.

The function of the educational institution in connection with a student's application for a loan under the Federal Insured Student Loan Program is to determine: (a) that the student is enrolled in good standing and making satisfactory progress or accepted for enrollment in a program determined to be eligible under the Guaranteed Student Loan Program, (b) the estimated cost for education expenses, (c) the student's financial aid from other sources, (d) the recommended loan amount, and (e) in some cases, the appropriate disbursement schedule for that particular course of study.

ITEM 22 Entity Number.
This number consists of the nine-digit Employer Identification Number issued to the school by the Internal Revenue Service with a one-digit prefix (always 1) and a two-digit suffix (indicating different campuses). If the educational institution official is not aware of the Entity Number, he/she should contact the nearest Office of Education regional office.

ITEM 23 School Code.
All eligible educational institutions have been assigned a six-digit code number which must be entered here. When the Entity Number system (ITEM 22) has been fully implemented, the School Code will no longer be requested.

ITEM 32 Indicate the Number of Academic Periods.
Indicate the normal number of academic periods (i.e. quarters, semesters, trimesters, etc.) which occur in an academic year for this specific curriculum.

ITEM 33 Mark Each Academic Period Covered.
Indicate by marking one or more of the blocks which designate specific academic periods (example: loan is for first two quarters, mark blocks designated 1st and 2nd).

ITEM 34 Disbursement Schedule.
All schools are encouraged to recommend a disbursement schedule.

ITEM 35 Estimated Costs of Education.
The school's average cost for all students may be used in lieu of individual estimates in determining the cost of education.

ITEM 36 Financial Aid.
Indicate all financial assistance awarded to this student. Do not list financial assistance for which the student has applied but has not yet been awarded.

ITEM 25 Student Status.
The applicant must be enrolled on at least a half-time basis (as determined by the school) to be eligible for a loan.

ITEM 26 Student Classification.
This information is requested to determine applicant's loan maximums.

ITEM 27 Anticipated Date of Graduation.
The anticipated date of graduation is necessary in calculating the insurance premium. This date should be determined without regard to the possibility of future attendance at other institutions.

ITEM 28 Academic Year.
Indicate by month/year the normal period required to complete one academic year of study in this particular curriculum.

ITEM 29 Period of Loan.
Use the dates indicated in ITEM 12 as a guide in completing this block. If the ITEM 12 dates do not coincide exactly with an academic period, (e.g. semester, trimester, quarter, academic year, etc.) adjust them in Item 29 to coincide with the closest actual academic period(s).

ITEM 30 Indicate Length of Program of Study.
This information must be based solely on the applicant's program of study at the institution he/she is now attending or is accepted to attend. Do not include time for programs beyond the current degree or certificate program even though the applicant may plan such further study.

ITEM 31 Loan is For Which Academic Year.
Indicate the year of the current Program of Study in which the applicant is now enrolled for which he/she is seeking a loan (even though the loan may not cover a complete academic year).

SECTION III

NEEDS ANALYSIS

No assessment of the ability of the student or the parents to meet the cost of education is to be made unless the student is applying for Federal interest benefits and the adjusted family income (ITEM 10G) is $25,000 or more.

ITEM 37A Computed Support.
In determining the expected family contribution, schools may use methods approved by the Commissioner of Education for other Federally supported financial aid programs, EXCEPT THOSE DEVELOPED FOR THE BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM. Methods most frequently used are: Alternate Income System (AIS), the American College Testing Program System (ACT), the College Scholarship Service System (CSS), the Income Tax System (ITS). Other methods may be used if they produce results, which on the whole, are similar to those which would be produced by the systems mentioned above. Those persons whose incomes are reported in Item 10 (Adjusted Gross Income) must be considered in computing support through Needs Analysis.

The individual circumstances of the borrower should be considered in determining the family contribution. Indicate in ITEM 37(A)(3) the following number codes for reasons used in reducing the amount of computed family support: (1) reduction in income, (2) death or disability of wage earner, (3) loss of job, (4) unanticipated medical or other extraordinary expenses, (5) non-liquid assets (e.g. home equity), (6) cannot meet expected contribution from income, (7) other. If code "7" is used, briefly indicate the basis for this reason in the "Additional Information" area on the reverse side of the Lender Copy of this application.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
WASHINGTON, D.C. 20202

CITY

STATE

PROMISSORY NOTE

FEDERAL INSURED STUDENT LOAN PROGRAM (20 U.S.C. 1071 et seq)

(This date need not be included if it is the same as the date of the transaction.) →	DATE FINANCE CHARGES BEGIN TO ACCRUE	AMOUNT FINANCED	PREPAID FINANCE CHARGES (Insurance premiums)	AMOUNT OF LOAN
		$	$	$
ANNUAL PERCENTAGE RATE →			A) PRIOR TO BEGINNING OF REPAYMENT PERIOD	B) DURING REPAYMENT PERIOD

I, _____, hereinafter called the "maker," promise to pay to _____, hereinafter called the "lender," located at _____, the sum of $_____ to the extent it is advanced to me, plus simple interest at the rate of _____ percent per annum on the outstanding balance of such sum and authorized late charges, all reasonable attorney's fees, and other costs and charges necessary for the collection of any amount not paid when due. The lender will not collect or attempt to collect from the borrower any portion of the interest which is payable by the U. S. Government or by an escrow agent.

The maker and lender further understand and agree that:

I. The lender has applied for Federal Loan Insurance under Title IV, Part B of the Higher Education Act of 1965, as amended, hereinafter called the "Act," on all sums advanced pursuant to this note. Such terms of this note as are subject to interpretation shall be construed in the light of the Act and the FEDERAL REGULATIONS pertaining to such Act, a copy of which is on file with the lender.

II. Subject to the following exception, repayment of outstanding principal, and interest, shall be made over a period commencing _____ months after the date on which the maker ceases to carry, at an "eligible institution," at least one-half the normal full-time academic work load, as determined by such institution, and (except when paragraph V (2) applies) this period shall end not less than five nor more than ten years after the beginning of the repayment period but in no event shall the repayment period extend to a date more than 15 years from the date of execution of this note. EXCEPTION: The maker and lender, during the _____ month period preceding the start of the repayment period, may agree to a repayment period that begins sooner or is of shorter duration, provided that, in the event that the maker has requested and obtained a repayment period of less than five years, he may at any time, prior to the total repayment of the loan, have the repayment period extended so that the total repayment period is not less than five years. Interest shall accrue during the period prior to the commencement of repayment period but at the option of the lender need not be paid during that period. Such accrued interest shall, at the commencement of the repayment period, be added to and become a part of the principal amount of the loan. Repayment of principal, together with interest thereon, shall be made in periodic installments in accordance with either: (1) the terms of a separate instrument which shall be subject to the terms of this note and which the borrower agrees to execute prior to commencement of the repayment period; or (2) a repayment schedule established by the lender prior to the commencement of the repayment period which will be made a part of this note.

III. The maker agrees to pay the lender, in addition to interest and principal due, an amount equal to the premiums that the lender is required to pay to the U. S. Commissioner of Education (hereinafter called "the Commissioner") in order to provide insurance coverage on this note. Payments covering the period of time extending from the date of execution of this note to the commencement of the repayment period (estimated in accordance with instructions issued by the Commissioner) shall be due and payable immediately.

IV. Maker authorizes the lender to disburse the proceeds of this note to an escrow agent, on behalf of the maker, for redisbursement to the maker in accordance with instructions issued by the Commissioner. Lender will not attempt to collect from the maker such sums of money as have been disbursed to an escrow agent account but not redisbursed by the escrow agent to or on behalf of the maker.

V. This note is subject also to the following conditions:

(1) The maker may at his option and without penalty prepay all or any part of the principal plus the accrued interest at any time. In the event of such prepayment, the maker shall be entitled to rebate of unearned interest computed by ☐ the Sum of Digits Formula (rule of 78ths), ☐ other (identify) _____

(2) Periodic installments of principal need not be paid, but interest shall accrue and be payable, (according to regulations) during any period (A) in which the maker is carrying, at an eligible institution, a full-time academic load, or is pursuing a course of study pursuant to a graduate fellowship program approved by the Commissioner, (B) not in excess of three years during which the maker is a member of the Armed Forces of the United States, (C) not in excess of three years during which the maker is in service as a full-time volunteer under the Domestic Volunteer Service Act of 1973, (D) at the request of the maker, a single period, not in excess of twelve months, during which the maker is seeking and unable to find full-time employment or (E) not in excess of three years in which the maker serves as a volunteer under the Peace Corps Act. Any period described in A, B, C, D, or E shall not be included in determining the period during which repayment must be made.

(3) Notwithstanding the minimum repayment period set forth in paragraph II, the total aggregate annual payment by a maker during any year of the repayment period on all loans insured under the Act to the maker shall not, unless otherwise agreed to by lender and maker, be less than $360 or the balance of all such loans plus accrued interest, whichever is less, except that if a husband and wife both have outstanding insured loans the total combined aggregate annual payment on all such loans by husband and wife shall not be less than $360 or the combined balance of all such loans, plus accrued interest, whichever is less.

(4) In the event of a failure to make any payment when due hereunder, the entire unpaid indebtedness including interest due and accrued thereon shall at the option of the lender or any other holder of this note become immediately due and payable.

(5) In the event of the maker's death or total and permanent disability, maker's unpaid indebtedness on this note shall be canceled pursuant to regulations issued by the Commissioner.

(6) Makers shall promptly notify the lender or any other holder of this note in writing of any change or changes in his address or his status as at least a half-time student.

(7) A late charge of 5 percent of the installment payment or $5.00, whichever is less, may be charged on any payment made later than 10 days after the due date.

SIGNATURE	ADDRESS	DATE
SIGNATURE	ADDRESS	DATE

NOTICE: This note shall be executed without security and without endorsement, except that, if the maker is a minor and this note would not, under State law, create a binding obligation, endorsement may be required. The lender shall supply a copy of this note to the maker.

OE FORM 1164, 4/77

STATEMENT OF BORROWER'S RIGHTS AND RESPONSIBILITIES

BORROWER RIGHTS

1. The loan check must be made payable to the borrower and require his/her endorsement.

2. If the lender transfers (e.g. sells) the loan and the right to receive payments, the borrower must be sent a clear notification which spells out the borrower's obligations to the new holder.

3. Borrowers have a right to Federal interest benefits, if qualified. For more information about interest benefits, check the instruction section of the application.

4. Lenders must provide the borrower with a copy of the completed promissory note.

5. Borrowers have a right to a 9 to 12 month "grace period" before repayment begins after the borrower has left school or is attending school less than half-time. The exact length of this period is indicated by the lender on the promissory note.

6. Borrowers have a right to prepay the loan without penalty. The borrower may, at any time, pay the loan balance and any interest due without being charged a penalty by the lender.

7. Borrowers have a right to deferment of repayment. Under deferment a borrower is not required to make payments on the loan principal for a period of time. The conditions that qualify a borrower for a deferment are listed in Section V(2) on the promissory note. Also, if the borrower qualified for Federal interest benefits while in school, he/she will not be required to pay interest on the loan during the deferment period.

8. Borrowers may request forbearance. If the borrower cannot meet his/her repayment schedule, he/she may request forbearance from the lender, under which the payments may be reduced for a specified period of time if it will assist the borrower in avoiding default.

9. The loan obligation will be canceled in the event of death or permanent and total disability. THIS LOAN CANNOT BE CANCELED OR "FORGIVEN" FOR DUTY IN THE MILITARY SERVICE OR FOR TEACHING IN SHORTAGE AREAS.

BORROWER RESPONSIBILITIES

1. The borrower must use care in choosing a school. All schools must provide information to prospective students about the school's programs and performance. Borrowers should consider this information carefully before deciding to attend a school.

2. The borrower must arrange with the lender to pay the interest on the loan if he/she does not qualify for Federal interest benefits. Interest benefits are explained in the instruction section of the application booklet.

3. The borrower must notify the lender if any of the following occurs before the loan is repaid.
   A. graduation
   B. withdrawal from school or less than half-time attendance
   C. changes of address

4. The borrower should notify the lender if any of the following occurs before the loan is repaid.
   A. name changes (e.g., maiden name to married name)
   B. transfers to other schools

5. The borrower must repay the loan in accordance with the repayment schedule. More detailed information about the repayment terms is listed in Sections II and V of the promissory note.

6. The borrower must notify the lender of any occurrence which may affect the borrower's eligibility for a deferment if the borrower is under deferment of repayment.

By my signature below I CERTIFY that I have read and discussed my rights and responsibilities listed above with the lender.

_____ SIGNATURE OF BORROWER

_____ DATE

CRIMINAL PENALTIES

20 USC 1087-4

(a) ANY PERSON WHO KNOWINGLY AND WILLFULLY EMBEZZLES, MISAPPLIES, STEALS, OR OBTAINS BY FRAUD, FALSE STATEMENT, OR FORGERY ANY FUNDS, ASSETS, OR PROPERTY PROVIDED OR INSURED UNDER THIS PART SHALL BE FINED NOT MORE THAN $10,000 OR IMPRISONED FOR NOT MORE THAN FIVE YEARS, OR BOTH; BUT IF THE AMOUNT SO EMBEZZLED, MISAPPLIED, STOLEN OR OBTAINED BY FRAUD, FALSE STATEMENT OR FORGERY DOES NOT EXCEED $200, THE FINE SHALL BE NOT MORE THAN $1,000 AND IMPRISONMENT SHALL NOT EXCEED ONE YEAR, OR BOTH.

FEDERAL INSURED STUDENT LOAN
7% Repayment Schedule

Number of Months to Repay

Total Amount of Your Loan

	9	18	28	38	48	60	72	86	99	116	120	FINAL PAYMENT	INTEREST AMOUNT	TOTAL OF PAYMENTS
250	30											17.38	7.38	257.38
500		30										18.27	28.27	528.27
750			30									5.28	65.28	815.28
1000				30								8.00	118.00	1,118.00
1250					30							27.00	187.00	1,437.00
1500						30						12.90	282.90	1,782.90
1750							30					24.25	404.25	2,154.25
2000								30				.48	550.48	2,550.48
2250									30			29.66	719.66	2,969.66
2500										30		8.93	958.93	3,458.93
2750											31.93	31.96	1,081.63	3,831.63
3000											34.84	34.00	1,179.96	4,179.96
3250											37.74	37.23	1,278.29	4,528.29
3500											40.64	40.46	1,376.62	4,876.62
3750											43.55	42.50	1,474.95	5,224.95
4000											46.45	45.73	1,573.28	5,573.28
4250											49.35	48.96	1,671.61	5,921.61
4500											52.25	52.19	1,769.94	6,269.94
4750											55.16	54.23	1,868.27	6,618.27
5000											58.06	57.46	1,966.60	6,966.60

REGULAR MONTHLY PAYMENT

U.S. GOVERNMENT PRINTING OFFICE: 1978-269-736/6609